

OFFICIAL TRANSCRIPT OF PROCEEDINGS BEFORE THE POSTAL REGULATORY COMMISSION

In the Matter of:)	
)	
MAIL PROCESSING NETWORK)	Docket No. N2012-1
RATIONALIZATION SERVICE)	
CHANGES, 2012)	

VOLUME #8

Date: May 9, 2012
Place: Washington, D.C.
Pages: 2529 through 2685

HERITAGE REPORTING CORPORATION

Official Reporters
1220 L Street, N.W., Suite 600
Washington, D.C. 20005
(202) 628-4888
contracts@hrccourtreporters.com

Hearing Room 200
Postal Regulatory Commission
901 New York Avenue, N.W.
Washington, D.C.

The above-entitled matter came on for hearing,
pursuant to notice, at 9:30 a.m.

HON. RUTH Y. GOLDWAY, CHAIRMAN
HON. Nanci E. Langley, VICE CHAIRMAN
HON. MARK ACTON, COMMISSIONER
HON. ROBERT G. TAUB, COMMISSIONER
HON. TONY HAMMOND, COMMISSIONER

On behalf of the United States Postal Service:

Heritage Reporting Corporation
(202) 628-4888

APPEARANCES: (Cont'd.)

On behalf of the American Postal Workers Union, AFL-CIO:

DARRYL J. ANDERSON, Esquire
O'Donnell, Schwartz & Anderson, P.C.
1300 L Street, N.W., Suite 1200
Washington, D.C. 20005-4126
(202) 898-1707

On behalf of the National Postal Mail Handlers Union:

KATHLEEN M. KELLER, Esquire
Bredhoff & Kaiser, PLLC
805 Fifteenth Street, N.W., Suite 1000
Washington, D.C. 20005
(202) 842-2600

On behalf of the Public Representative:

CHRISTOPHER J. LAVER, Esquire
Postal Regulatory Commission
Office of Consumer Advocate
901 New York Avenue, N.W., Suite 200
Washington, D.C. 20268-0001
(202) 789-6889

On behalf of Valpak Dealers Association, as well as
Valpak Direct Marketing Systems:

JEREMIAH L. MORGAN, Esquire
William J. Olson, P.C.
370 Maple Avenue West, Suite 4
Vienna, Virginia 22180-5615
(703) 356-5070

C O N T E N T S

WITNESSES APPEARING:
 DOMINIC L. BRATTA
 CHERYL D. MARTIN
 MARC A. SMITH
 MICHAEL D. BRADLEY
 FRANK NERI

<u>WITNESSES:</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>	<u>VOIR DIRE</u>
Dominic L. Bratta	2545	--	--	--	--
Cheryl D. Martin	2566	--	--	--	--
By Mr. Anderson	--	2569	--	--	--
By Ms. Keller	--	2576	--	--	--
By Mr. Anderson	--	2601	--	--	--
By Ms. Keller	--	2603	--	--	--
By Mr. Anderson	--	2606	2607	--	--
Marc A. Smith	2611	--	--	--	--
By Ms. Keller	--	2615	--	--	--
Michael D. Bradley	2618	--	--	--	--
By Ms. Keller	--	2621	--	--	--
Frank Neri	2665	--	2681	--	--
By Mr. Anderson	--	2667	--	2683	--

2532

DOCUMENTS TRANSCRIBED INTO THE RECORD

PAGE

Response of United States Postal Service Witness Martin to Question 3 of POIR No. 7, Including Associated Electronic File	2541
Response of United States Postal Service Witness Neri to POIR No. 7	2542
Interrogatory response of United States Postal Service Witness Bratta, APWU/USPS-T5-6	2559
Interrogatory response of United States Postal Service Witness Bratta, NPMHU/USPS-T5-6	2560
United States Postal Service Institutional Response, NPMHU/USPS-8	2563
United States Postal Service Institutional Response, NPMHU/USPS-5	2564
United States Postal Service Institutional Response, CPI/USPS-19	2565
Response of United States Postal Service Witness Martin to APWU interrogatory, APWU/USPS-T6-1	2642
Response of United States Postal Service to APWU interrogatory, APWU/USPS-33, 44	2656

E X H I B I T S

<u>EXHIBITS AND/OR TESTIMONY</u>	<u>IDENTIFIED</u>	<u>RECEIVED</u>
Response of United States Postal Service Witness Martin to Question 3 of POIR No. 7, Including Associated Electronic File	2540	2540
Response of United States Postal Service Witness Neri to POIR No. 7	2540	2540
Corrected supplemental testimony of Dominic L. Bratta on behalf of United States Postal Service, USPS-ST-1	2545	2546
Library references sponsored by United States Postal Service Witness Dominic L. Bratta, USPS/LR-N2012-1/80, 81 and 85	2548	2548
Library reference sponsored by United States Postal Service Witness Dominic L. Bratta, USPS/LR-N2012-1/83	2557	2557
Interrogatory response of United States Postal Service Witness Bratta, APWU/USPS-T5-6	2558	2558
Interrogatory response of United States Postal Service Witness Bratta, NPMHU/USPS-T5-6	2558	2558
United States Postal Service Institutional Response, NPMHU/USPS-8	2562	2562
United States Postal Service Institutional Response, NPMHU/USPS-5	2562	2562
United States Postal Service Institutional Response, CPI/USPS-19	2562	2562

E X H I B I T S

<u>EXHIBITS AND/OR TESTIMONY</u>	<u>IDENTIFIED</u>	<u>RECEIVED</u>
Corrected supplemental testimony of Cheryl Martin on behalf of United States Postal Service, USPS-ST-2	2566	2568
Library references sponsored by United States Postal Service Witness Cheryl Martin, USPS/LR-N2012-1/77 and 79	2568	2568
Corrected supplemental testimony of Marc A. Smith on behalf of United States Postal Service, USPS-ST-3	2611	2613
Library references sponsored by United States Postal Service Witness Marc A. Smith, USPS/LR-N2012-1/91 and 96	2613	2614
Corrected supplemental testimony of Michael D. Bradley on behalf of United States Postal Service, USPS-ST-4	2619	2620
Library references sponsored by United States Postal Service Witness Cheryl Martin, USPS/LR-N2012-1/92 and 93	2620	2621
Response of United States Postal Service Witness Martin to APWU interrogatory, APWU/USPS-T6-1	2640	2641
Response of United States Postal Service Witness Martin to APWU/USPS-T6-14 through 16 and 20	2640	2641
Response of United States Postal Service Witness Martin to NPMHU-USPS-T6-5, 15 and 24	2640	2641

E X H I B I T S

<u>EXHIBITS AND/OR TESTIMONY</u>	<u>IDENTIFIED</u>	<u>RECEIVED</u>
Response of United States Postal Service to APWU interrogatory, APWU/USPS-33 and 44	2641	2641
Response of United States Postal Service to NPMHU-USPS-1 and 2, Subparts B and C	2641	2641
Corrected supplemental testimony of Frank Neri on behalf of United States Postal Service, USPS-ST-5	2665	2666
Library reference, Required Employee v. Scheduled, USPS/LR-N2012-1/50	2676	----

P R O C E E D I N G S

(9:30 a.m.)

CHAIRMAN GOLDWAY: Good morning. This hearing of the Postal Regulatory Commission on Wednesday, May 9, 2012, will come to order.

In today's hearing, the Commission will continue to receive Postal Service evidence in support of its plan for mail processing network rationalization and associated service changes. The evidence entered today is intended to update Postal Service evidence that was entered during the hearings held on March 20 through March 23. The Commission will evaluate this evidence when considering the Postal Service's request for an advisory opinion in Docket No. N2012-1.

For the record, I am Ruth Goldway, Chairman of the Postal Regulatory Commission, and joining me here on the dais this morning are Vice Chairman Langley, Commissioner Acton, Commissioner Taub and our newest commissioner, Commissioner Hammond, who is here in the very same chair that he was sitting in for six years before?

COMMISSIONER HAMMOND: Nine years.

CHAIRMAN GOLDWAY: Nine years. Nine years before. I want to take the opportunity to welcome

Heritage Reporting Corporation
(202) 628-4888

1 Commissioner Hammond back to the Commission after a
2 brief hiatus. We're pleased to have a full complement
3 of commissioners here to review the issues of this
4 case and to be available to make a final opinion.

5 I wanted to just comment that I appreciate
6 the Postal Service's willingness to provide this
7 additional information so that we have as complete a
8 record as possible to make a decision. I appreciate
9 the flexibility and the accommodations that have been
10 made by the participants in sticking to an abbreviated
11 schedule to review this information.

12 The Commissioners feel that it is important
13 to proceed with this review in as timely a fashion as
14 possible and to make the decision in a way that is
15 most useful to the Postal Service, to the Congress and
16 to the participants, and that means moving without
17 delay, but with assuring as much due process and
18 consideration as is feasible.

19 With that compliment to all of the parties
20 involved in working with us to strike the right
21 balance, I would like to offer my colleagues an
22 opportunity to say a few words. We'll begin with Vice
23 Chairman Langley.

24 VICE CHAIRMAN LANGLEY: Thank you, Madam
25 Chairman. I welcome everybody, and I look forward to

1 today's hearing. Thank you.

2 CHAIRMAN GOLDWAY: Commissioner Taub?
3 Commissioner Acton? Commissioner Hammond, would you
4 like to say something?

5 COMMISSIONER HAMMOND: Thank you, Madam
6 Chairman. I just want to say I am glad to be back. I
7 am working very diligently to get up to speed on this
8 particular case, and I look forward to today's
9 hearing. Thank you.

10 CHAIRMAN GOLDWAY: Thank you. Now we'll
11 address a few procedural matters. There has been no
12 indication that a closed hearing will be necessary
13 today. It is the responsibility of counsel to alert
14 me if this circumstance changes. If it becomes
15 necessary, a closed session will be convened at the
16 end of the hearing day to consider material under
17 seal.

18 And I would like to remind those in the
19 audience today that this hearing is being web
20 broadcast. In an effort to reduce potential
21 confusion, I ask that counsel wait to be recognized
22 before speaking and to please identify yourself when
23 you comment. After you are recognized, please speak
24 clearly so that our microphones may pick up your
25 remarks.

1 Commissioner Hammond told me that while he
2 was on leave he regularly listened to the web
3 broadcasts, and it makes a big difference if you speak
4 directly into the microphone. So please, whenever you
5 can be aware of that concern and speak directly into
6 the microphone.

7 At this time I would like to designate
8 recently filed Postal Service responses to POIRs into
9 the record. The POIR responses are identified as the
10 Response of the United States Postal Service Witness
11 Martin to Question 3 of the Presiding Officer's
12 Information Request No. 7, Including the Associated
13 Electronic File; and Response of the United States
14 Postal Service Witness Neri to Presiding Officer
15 Information Request No. 7.

16 There is an outstanding POIR that was
17 awaiting response. It's POIR No. 7, Question 6. It's
18 been pending for over two weeks. Before I move to add
19 the two responses, does counsel for the Postal Service
20 have any information for me on the outstanding POIR
21 response?

22 MR. TIDWELL: Yes. Good morning, Madam
23 Chairman. Michael Tidwell for the Postal Service. I
24 can report that Witness Martin and her staff are
25 working diligently on the response to Question 6, and

1 all indications are that we should be able to have
2 that response in this Friday.

3 CHAIRMAN GOLDWAY: All right. We'll hold a
4 decision on that until Friday, and in the meantime has
5 the Postal Service counsel had an opportunity to
6 review these two responses provided to them before the
7 hearing and, if so, are there any corrections or
8 additions that need to be made?

9 MR. TIDWELL: Yes, Madam Chairman, the
10 responses have been reviewed, and no corrections are
11 necessary.

12 CHAIRMAN GOLDWAY: Are there any objections
13 to this material being entered into the record?

14 (No response.)

15 CHAIRMAN GOLDWAY: Hearing none, I will
16 provide two copies of the designated material to the
17 reporter. That material is received into evidence,
18 and it is to be transcribed into the record.

19 (The documents referred to
20 were marked for
21 identification as Response to
22 Question 3 of POIR No. 7 and
23 Response to POIR No. 7 and
24 were received in evidence.)

25 //

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN TO
QUESTION 3 OF PRESIDING OFFICER'S INFORMATION REQUEST NO. 7**

3. Please provide a crosswalk of Highway Contract Route Id (HCRID), Route Number, and Budget Account Number (Finance Number) for all of the Postal Service's transportation routes, covering all possible combinations in the following table format.

HCR ID	Budget Account Number	Route Number

RESPONSE:

The file labeled "Attach.Resp.POIR7.Q3.xls" contains the HCR ID numbers for all routes and the corresponding budget account numbers for each HCR ID. A "route number" is synonymous with an HCR ID number. Included in this spreadsheet is the transportation category that corresponds to the Budget Account No. for each HCR ID. Because my testimony in this docket is based on data current as of October 2011, the data provided in this spreadsheet are also current as of October 2011.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 7**

1. In response to POIR No. 5, question 11, witness Neri confirmed that, during a shift, employees may work in operations other than the 5 areas included in his analysis. POIR No. 5, question 11 also requests disaggregated workhours for all operations (including those operations excluded from witness Neri's analysis) at facilities identified in library reference USPS-LR-N2012-1/50 during the sampled time period. Witness Neri responded that these data are not available.
 - a. Please explain how long the Postal Service retains workhour data disaggregated by facility, by hour, and by operation.
 - b. Please identify a time period of at least 14 days for which disaggregated workhour data are available.
 - c. Please provide these data for the time period identified in response to (b) of this question.
 - d. Please provide the analysis performed in library references USPS-LR-N2012-1/49 and USPS-LR-N2012-1/50, using the time period identified in response to (b) and the data provided in response to (c) of this question.

RESPONSE:

- a. The Postal Service does not maintain data disaggregated by facility, operation, and hour. The analysis cited in this interrogatory part is derived from raw transactional data that is available for the most recent 7 weeks.
- b. The identified period is March 1, 2012 through March 31, 2012.
- c. Please see USPS Library Reference USPS-LR-N2012-1/NP25.
- d. Please see USPS Library References USPS-LR-N2012-1/89 and 90. Note that the data reflected in these library references are based on machine hourly data, not employee work hours.

1 CHAIRMAN GOLDWAY: Do any participants have
2 any recently filed responses to discovery that they
3 would like to designate for the record today? As a
4 reminder, for materials to be designated two copies of
5 the material must be available to hand to the reporter
6 when moving the designated material.

7 MS. KELLER: Madam Chair, Kathleen Keller
8 for the National Postal Mail Handlers Union. I have
9 about five, two of which are from Witness Bratta and
10 three of which are institutional responses to the
11 Postal Service.

12 CHAIRMAN GOLDWAY: Has the Postal Service
13 counsel had an opportunity to review these responses
14 and, if so, are there any corrections that need to be
15 made?

16 MR. MECONE: I don't think the Postal
17 Service counsel has had an opportunity to review the
18 responses.

19 MS. KELLER: I'm sorry, Madam Chair. I
20 haven't provided them. I'm happy to do so now.

21 CHAIRMAN GOLDWAY: Why don't you give the
22 responses to the Postal Service, let them review them,
23 and we'll take this matter up again after we finish
24 with Witness Bratta.

25 MS. KELLER: Thank you.

1 CHAIRMAN GOLDWAY: Remind me if I forget.

2 Anyone else?

3 (No response.)

4 CHAIRMAN GOLDWAY: Okay. The Postal Service
5 supplemental testimony will be entered into the record
6 today, and opportunity for oral cross-examination is
7 being provided directed towards that testimony. Oral
8 cross-examination of today's witnesses will also be
9 allowed concerning their recently filed responses to
10 discovery.

11 Today we will hear from five Postal Service
12 witnesses. They are Witnesses Bratta, Martin, Smith,
13 Bradley and Neri. I remind the witnesses that they
14 previously have been sworn in in this proceeding, and
15 they remain under oath today.

16 We'll proceed with the supplemental
17 testimony of Witness Bratta. Mr. Mecone, will you
18 identify your witness?

19 MR. MECONE: James Mecone for the United
20 States Postal Service. The Postal Service calls
21 Dominic L. Bratta.

22 //

23 //

24 //

25 //

1 Whereupon,

2 DOMINIC L. BRATTA

3 having been previously duly sworn, was
4 recalled as a witness herein and was examined and
5 testified further as follows:

6 CHAIRMAN GOLDWAY: Counsel, you may proceed
7 with offering this witness' supplemental testimony.

8 . (The document referred to was
9 marked for identification as
10 Exhibit No. USPS-ST-1.)

11 DIRECT EXAMINATION

12 BY MR. MECONE:

13 Q Please state your name and position for the
14 record.

15 A My name is Dominic L. Bratta, B-R-A-T-T-A.
16 My position is Manager of Maintenance, Planning and
17 Support for Headquarters, United States Postal
18 Service.

19 Q Earlier I handed you two copies of a
20 document entitled Supplemental Testimony of Dominic L.
21 Bratta on Behalf of the United States Postal Service
22 marked as USPS-ST-1. Did you have a chance to examine
23 the two copies?

24 A Yes, I did.

25 Q Was this testimony prepared by you or under

1 your supervision?

2 A Yes, it was.

3 Q Do you have any changes or corrections to
4 make to that testimony?

5 A Only the three that were reflected and
6 changed made yesterday.

7 Q If you were to testify orally today, would
8 the content of your testimony be the same?

9 A Yes, it would.

10 MR. MECONE: The Postal Service requests
11 that the supplemental testimony of Dominic L. Bratta
12 on behalf of the United States Postal Service marked
13 as USPS-ST-1 be received as evidence at this time.

14 CHAIRMAN GOLDWAY: Is there any objection?
15 (No response.)

16 CHAIRMAN GOLDWAY: Hearing none, I'll direct
17 counsel to provide the reporter with two copies of the
18 corrected supplemental testimony of Dominic Bratta.
19 That testimony is received into evidence. However,
20 consistent with Commission practice, it will not be
21 transcribed.

22 (The document referred to,
23 previously identified as
24 Exhibit No. USPS-ST-1, was
25 received in evidence.)

1 MR. MECONE: The Postal Service has --

2 CHAIRMAN GOLDWAY: Counsel, can you identify
3 any library references?

4 MR. MECONE: I'm sorry. The Postal Service
5 has three library references associated with this
6 testimony, USPS/LR-N2012-1/80, 81 and 85.

7 BY MR. MECONE:

8 Q Are you familiar with USPS Library
9 References 80, 81 and 85?

10 A Yes, I am.

11 Q Were these library references prepared by
12 you or under your direct supervision?

13 A Yes, they were.

14 Q Do you sponsor these library references?

15 A Yes, I do.

16 MR. MECONE: The Postal Service requests
17 that Library References USPS/LR-N2012-1/80, 81 and 85
18 be received as evidence at this time.

19 CHAIRMAN GOLDWAY: Any objections?

20 (No response.)

21 CHAIRMAN GOLDWAY: Hearing none, the
22 evidence is accepted.

23 //

24 //

25 //

1 (The documents referred to
2 were marked for
3 identification as Library
4 Reference Nos.
5 USPS/LR-N2012-1/80, 81 and
6 85, and were received in
7 evidence.)

8 CHAIRMAN GOLDWAY: This brings us to the
9 oral cross-examination of Witness Bratta. None of the
10 participants have yet requested oral examination. Is
11 there any participant here today who wishes to cross-
12 examine Witness Bratta?

13 (No response.)

14 CHAIRMAN GOLDWAY: If not, I believe that
15 there are questions from the bench, and I wonder if
16 one of my colleagues would like to offer the question
17 that was --

18 COMMISSIONER ACTON: Thank you. Thanks,
19 Madam Chairman.

20 CHAIRMAN GOLDWAY: Thank you, Commissioner
21 Acton.

22 COMMISSIONER ACTON: Good morning, Witness
23 Bratta.

24 THE WITNESS: Good morning.

25 COMMISSIONER ACTON: Welcome back.

1 THE WITNESS: Thank you.

2 COMMISSIONER ACTON: This is a technical
3 question. You originally estimated that there could
4 be a 40 percent reduction in the costs associated with
5 spare parts for mail processing equipment. In your
6 testimony you decreased that to 25 percent. Can you
7 explain how you arrived at the new figure?

8 THE WITNESS: Yes, sir. That is based on
9 the fact that the original testimony was submitted on
10 December 5, and it was pre February 23.

11 When we went back and reviewed the
12 modifications that were submitted on February 23,
13 there was additional equipment and additional sites
14 that would remain in the network so we reduced our
15 estimate of savings from 40 percent to 25 percent.

16 COMMISSIONER ACTON: Is there a formula that
17 you used in conjunction with your revised mail
18 processing equipment set that you describe in Library
19 Reference No. 83?

20 THE WITNESS: I'm sorry. Could you repeat
21 the question?

22 COMMISSIONER ACTON: Yes. Sure. In Library
23 Reference 83, you have a revised mail processing
24 equipment set that you describe. Is there a
25 particular formula that you used in conjunction with

1 developing that?

2 THE WITNESS: That formula was provided to
3 me by the Manager of Networks. The equipment set was
4 provided to me.

5 COMMISSIONER ACTON: Can you summarize the
6 formula that you used?

7 THE WITNESS: I did not develop that
8 equipment set. The equipment set was provided to me
9 by the Manager of Networks in Network Operations, and
10 we used a formula that we've previously used that's
11 outlined in the maintenance management orders for
12 developing the maintenance criteria to support that
13 equipment.

14 COMMISSIONER ACTON: Thank you for your
15 testimony, Witness Bratta.

16 THE WITNESS: Thank you.

17 CHAIRMAN GOLDWAY: Is there any other
18 questioning for Witness Bratta?

19 (No response.)

20 CHAIRMAN GOLDWAY: Any follow-up on that?

21 COMMISSIONER TAUB: Madam Chairman?

22 CHAIRMAN GOLDWAY: Commissioner Taub?

23 COMMISSIONER TAUB: Good morning. We did
24 have, as Commissioner Acton indicated, a couple
25 questions from our staff that they just wanted to get

1 on the record, so following up kind of a similar vein
2 on that I wanted to make sure we had a chance to ask
3 you that.

4 This is along in your original testimony you
5 assumed that all but 5 percent of costs associated
6 with maintenance employees could be saved.

7 THE WITNESS: Well, I assumed that all but
8 5 percent in LDC 37 and LDC 38, which is the building
9 side labor distribution code and the custodial labor
10 distribution code within that plant would be saved,
11 and that cost was attributed to those functions that
12 were outside of the mail processing within that
13 facility.

14 COMMISSIONER TAUB: Okay. And in the
15 supplemental testimony our understanding is you
16 replace your original 95 percent assumption with real
17 data.

18 THE WITNESS: Well, the original 95 percent
19 was based on a sample for the original testimony.
20 That is correct. We had additional time and we had
21 additional clarity on what facilities and what
22 functions would remain, so we did replace it with
23 actual data.

24 COMMISSIONER TAUB: And in that you
25 calculated the space utilized for operations other

1 than mail processing and a revised estimate of
2 maintenance activities associated with cross-docking
3 operations?

4 THE WITNESS: That is correct.

5 COMMISSIONER TAUB: Could you explain how
6 your revised calculation improves the original
7 analysis and if any new data became available that
8 aided in the revision?

9 THE WITNESS: Can you explain improves? I'm
10 not sure what you mean.

11 COMMISSIONER TAUB: Well, the idea that you
12 replace the original 95 percent assumption with this
13 real data as we talked about so there is the
14 assumption used, as you said, and now we had some real
15 world experience, so trying to get a good sense of the
16 impact of this revision.

17 THE WITNESS: The revision was based on
18 additional detail data that was released on
19 February 23, which was not available back in December
20 and November when we performed the original
21 calculations.

22 When we performed the original calculations
23 we utilized a sample size and arrived at the 5 percent
24 for nonmail processing based on 252 facilities that
25 were going to be closed. Based on the February 23

1 information there was some significant changes. For
2 example, Cincinnati, which was a very large facility
3 and planned to be studied for closure, was taken off
4 the closure list at the February 23 release and that
5 had some significant impact to that sample size.

6 Additionally, we had time to go back and
7 review each site independently, and I believe my
8 Library Reference 80 depicts that by site and it looks
9 at each part of the site broken down by mail
10 processing and nonmail processing operations. And so
11 we had the ability to go back and actually calculate
12 the amount that was not attributed to mail processing.

13 COMMISSIONER TAUB: Okay.

14 THE WITNESS: We used the same formulas from
15 the first set to the second set to attribute the cost
16 for nonmail processing operations.

17 COMMISSIONER TAUB: Okay. That's helpful.
18 So in essence we really are looking at -- not to put
19 words in your mouth, but this is a more accurate
20 picture of what we're looking at.

21 THE WITNESS: Well, I would say that both
22 were accurate. However, the later one, the
23 supplemental, the Library Reference 80, was more
24 reflective of the finer details that were released on
25 February 23. That information was not available prior

1 to December 5.

2 COMMISSIONER TAUB: Okay. In the revised
3 calculation, getting a sense of that impact, would the
4 number of authorized maintenance positions be larger
5 or smaller if you used the original 95 percent in your
6 updated calculations?

7 THE WITNESS: I believe that the percentage
8 for LDC 37 in the main office and LDC 38 in the main
9 office went from 95 percent down to in the high 80s,
10 okay?

11 However, when you look at the entire
12 maintenance population that number was a very small
13 portion of the total because that 95 percent or the
14 high 80 percent only was focused on a very small
15 portion, LDC 37 and LDC 38, within the main facility.
16 It did not include any savings for stations and branch
17 operations, and the LDC 36 was based on equipment and
18 not on the facility so that did not come into play in
19 those calculations.

20 COMMISSIONER TAUB: Great. Thanks for
21 clarifying that for the record. Thank you, Madam
22 Chair.

23 CHAIRMAN GOLDWAY: Thank you. Any other
24 questions from the bench?

25 (No response.)

1 CHAIRMAN GOLDWAY: Any follow-up questions?

2 (No response.)

3 CHAIRMAN GOLDWAY: Does the Postal Service,
4 Mr. Mecone, wish to have any time with your witness
5 for review of those questions?

6 MR. MECONE: The Postal Service would like
7 about five minutes.

8 CHAIRMAN GOLDWAY: All right. We'll take a
9 five minute break then. Thank you.

10 (Whereupon, a short recess was taken.)

11 MR. MECONE: James Mecone for the United
12 States Postal Service. The Postal Service has no
13 redirect, but we just learned that there is an
14 additional library reference associated with Witness
15 Bratta's testimony that I omitted earlier, and that is
16 Library Reference USPS/LR-N2012-1/83.

17 BY MR. MECONE:

18 Q Witness Bratta, are you familiar with USPS
19 Library Reference USPS/LR-N2012-1/83?

20 A Can you refresh my memory, please?

21 Q I believe you referred to it as part of your
22 discussion with the Commission, the list prepared
23 about the equipment, the equipment list.

24 A Okay. Okay.

25 Q Would you like to see a copy?

1 A Yes.

2 MR. LAVER: Madam Chairman, Chris Laver for
3 the Public Representative. I have a copy. It
4 contains some highlighting, but he can probably get
5 the point from that. I'll give that to Postal Service
6 counsel.

7 CHAIRMAN GOLDWAY: Thank you for your
8 assistance.

9 BY MR. MECONE:

10 Q Now can you state whether you're familiar
11 with that library reference?

12 A Yes, I can. I am.

13 Q Was this library reference prepared by you
14 or under your supervision?

15 A Yes, it was.

16 Q Do you sponsor this library reference?

17 A Yes, I do.

18 MR. MECONE: The Postal Service requests
19 that Postal Service Library Reference
20 USPS/LR-N2012-1/83 be entered into evidence at this
21 time.

22 CHAIRMAN GOLDWAY: Are there any objections?

23 (No response.)

24 CHAIRMAN GOLDWAY: Hearing none, the
25 evidence will be added to the record for today.

1 (The document referred to was
2 marked for identification as
3 Library Reference No.
4 USPS/LR-N2012-1/83 and was
5 received in evidence.)

6 CHAIRMAN GOLDWAY: And that appears to
7 complete your testimony here today, Mr. Bratta.

8 MS. KELLER: Madam Chair? I'm sorry to
9 interrupt.

10 CHAIRMAN GOLDWAY: Do you have additional
11 cross-examination? I was going to excuse Witness
12 Bratta and then accept your responses, or are they
13 related to Witness Bratta? Go ahead.

14 MS. KELLER: I have two --

15 CHAIRMAN GOLDWAY: Identify yourself for the
16 record.

17 MS. KELLER: Kathleen Keller for the Mail
18 Handlers Union. I have two interrogatory responses
19 from Witness Bratta. During the break I believe
20 Witness Bratta reviewed these. These are
21 APWU/USPS-T5-6 and NPMHU/USPS-T5-6. Witness Bratta,
22 did you review these?

23 THE WITNESS: Yes, I did.

24 MS. KELLER: And if asked here today, would
25 your responses be the same?

1 THE WITNESS: Yes, it would.

2 MS. KELLER: Thank you. I'll move to have
3 these admitted.

4 CHAIRMAN GOLDWAY: Any objections?

5 (No response.)

6 CHAIRMAN GOLDWAY: If not, they are
7 submitted and included in the record and transcribed.

8 (The documents referred to
9 were marked for
10 identification as Exhibit
11 Nos. APWU/USPS-T5-6 and
12 NPMHU/USPS-T5-6, and were
13 received in evidence.)

14 //

15 //

16 //

17 //

18 //

19 //

20 //

21 //

22 //

23 //

24 //

25 //

**SECOND SUPPLEMENTAL RESPONSE OF UNITED STATES POSTAL
SERVICE WITNESS BRATTA TO AMERICAN POSTAL WORKERS UNION,
AFL-CIO INTERROGATORY**

APWU/USPS-T5-6 Please see your response to APWU/USPS-T4-9, redirected to you from USPS Witness Neri.

b) For each facility identified in subpart a) describe what happened to the excess equipment and building in each case.

RESPONSE:

b) Please see the attached file, major_equipment_moved.xls.

Name	ST	Status
Daytona Beach	FL	Houses retail, delivery, and other operations.
Huntington	WV	Occupied by Postal Service operations.
Oxnard	CA	On the market.
Salinas	CA	Houses retail operations.
Sioux City	IA	On the market.
Waterbury	CT	Houses carriers and retail operations.
West Jersey	NJ	On the market.
Charlottesville	VA	Occupied by Postal Service operations.
Elmira	NY	Occupied by Postal Service operations.
Jamestown	NY	The Postal Service is in the process of determining the appropriate action for this facility.
Wilkes Barre	PA	Occupied by Postal Service operations.
Royal Oak	MI	Occupied by Postal Service operations.
Binghamton	NY	Houses carriers and Stamp Distribution Center.
Marysville	CA	The Postal Service is in the process of determining the appropriate action for this facility.
Kansas City	KS	Houses processing operations.
Portsmouth	NH	Houses delivery operations.
Lima	OH	Sold.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRATTA TO
NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY

NPMHU/USPS-T5—6 Referring to the results of the AMP decisions announced by the Postal Service on February 23, 2012, and published at <http://about.usps.com/what-we-are-doing/our-futurenetwork/assets/pdf/communications-list-022212.pdf>:

- a) Please identify all facilities currently under lease that, based on the decisions announced February 23, 2012, the Postal Service will vacate. For all such facilities, state the current end of lease date, and any penalties associated with early termination of the lease.
- b) Please identify all facilities currently owned by the Postal Service that, based on the decisions announced February 23, 2012, the Postal Service will vacate and intends to sell.
- c) Please explain the status and future plans for any facilities not included in your response to (a) or (b) where the decision announced February 23, 2012, was a "full" consolidation.

RESPONSE:

a-c) I am informed by Facilities Program Management that the Postal Service has made no decision concerning future plans for the facilities addressed in this interrogatory.

1 CHAIRMAN GOLDWAY: Did you have any other
2 additions to the record for other witnesses?

3 MS. KELLER: I have three designations that
4 are Postal Service institutional responses. Postal
5 Service counsel reviewed them during the break. I'm
6 happy to submit them now or --

7 CHAIRMAN GOLDWAY: Let me excuse Witness
8 Bratta, and then we will take those. I didn't realize
9 you had two that were directed to Witness Bratta.

10 Mr. Bratta, thank you very much for your
11 testimony here today and for your participation
12 throughout the hearing process. The Commission
13 appreciates your direct and straightforward and easily
14 understandable answers, and we commend you for your
15 work with the Postal Service and the public for all
16 these years. Thank you very much.

17 THE WITNESS: Thank you.

18 (Witness excused.)

19 CHAIRMAN GOLDWAY: Okay. Now, before we
20 have the next witness, counsel for National Letter
21 Carriers would like to introduce three institutional
22 responses?

23 MS. KELLER: Yes. Thank you, Madam Chair.
24 It's the Mail Handlers Union. I think you misspoke.

25 CHAIRMAN GOLDWAY: Mail Handlers. Excuse

1 me.

2 MS. KELLER: I won't take offense.

3 CHAIRMAN GOLDWAY: I apologize.

4 MS. KELLER: I have NPMHU/USPS-8,
5 NPMHU/USPS-5 and CPI/USPS-19 for designation.

6 CHAIRMAN GOLDWAY: Okay. And the Postal
7 Service has reviewed those and accepts the information
8 in them as presented. Are there any objections?

9 (No response.)

10 CHAIRMAN GOLDWAY: If not, please give two
11 copies to the court recorder, and they will be
12 transcribed into the record.

13 . (The documents referred to
14 were marked for
15 identification as Exhibit
16 Nos. NPMHU/USPS-8,
17 NPMHU/USPS-5 and CPI/USPS-19,
18 and were received in
19 evidence.)

20 //

21 //

22 //

23 //

24 //

25 //

Keller

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY**

NPMHU/USPS-8 Please provide as a Library Reference any facility schematics, floor plans, or other documents used during the AMP study or approval process that plan for how additional equipment, staff and mail volume will be accommodated at the following gaining facilities: Albuquerque; Austin; Baton Rouge; Boston; Brooklyn; Cleveland; Columbus; Greensboro; Kansas City; Miami; Nashville; Oklahoma City; Orlando; Philadelphia; Pittsburgh; Richmond; Rochester; Tallahassee; and Westchester.

RESPONSE

See USPS Library Reference N2012-1/95.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE TO
NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY**

NPMHU/USPS-5. With respect to all facilities in which the AMP study announced on February 23 stating that the facilities will be operated as a transfer hub, please provide all calculations used to determine the number of work hours, and the schedule of work hours, that will be required to operate the hub.

RESPONSE:

Details associated with the hub proposals in the various AMP packages has not yet been undertaken. Such analysis is ordinarily undertaken during implementation and accounted for during Post Implementation Reviews (PIRs).

See Tr. Vol. 2 at 270-271, 279-280 and Tr. Vol. 5 at 2030-2032.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CITY OF POCA TELLO INTERROGATORY**

CPI/USPS-19: Please state what contingency plans are in place to handle the mail being trucked from the Pocatello AMP service area to Salt Lake City on poor weather days?

- A. What is the expected additional delay in delivery projected to be each time the Malad Pass is closed due to snow, wind or unsafe travel conditions?

RESPONSE

The incidence and magnitude of inclement weather or unsafe travel conditions in the Malad Pass that may occur in the future relative to the past are matters beyond the scope of the Postal Service's powers of prognostication. On poor weather days in the future, it is expected that short-term transportation and operational mitigation strategies and adjustments will be implemented on an as-needed and as-available basis, as is routinely the case today. As is the case today, it also is expected that reasonable and sometimes extraordinary efforts at mitigation in such circumstances will not always succeed in preserving expected service levels.

1 CHAIRMAN GOLDWAY: And now we will proceed
2 with the supplemental testimony of Witness Martin.
3 Mr. Connolly is representing the Postal Service?

4 MR. CONNOLLY: Good morning, Madam Chairman.
5 This is Matthew Connolly for the Postal Service.

6 CHAIRMAN GOLDWAY: Would you introduce your
7 witness, please?

8 MR. CONNOLLY: Yes. The Postal Service
9 calls Cheryl Martin to the witness stand.

10 Whereupon,

11 CHERYL D. MARTIN

12 having been previously duly sworn, was
13 recalled as a witness herein and was examined and
14 testified further as follows:

15 (The document referred to was
16 marked for identification as
17 Exhibit No. USPS-ST-2.)

18 DIRECT EXAMINATION

19 BY MR. CONNOLLY:

20 Q Ms. Martin, would you state your name and
21 position for the record?

22 A My name is Cheryl Martin. I'm the Manager
23 of Surface Transportation Operations at Headquarters
24 for the U.S. Postal Service.

25 Q Thank you. Earlier I handed you two copies

1 of a document entitled Supplemental Testimony of
2 Cheryl Martin on Behalf of the United States Postal
3 Service. These were marked as USPS-ST-2. Did you
4 have a chance to examine these copies?

5 A Yes.

6 Q Was this testimony prepared by you or under
7 your direction?

8 A Yes.

9 Q And do these copies contain all of the
10 errata that were filed on April 30, 2012?

11 A Yes.

12 Q Do you have any additional changes or
13 corrections to make?

14 A No.

15 Q If you were to provide this supplemental
16 testimony orally today, would your testimony be the
17 same?

18 A Yes.

19 Q And would your testimony include Library
20 References USPS/LR-N2012-1/77 and 79? Those are both
21 referenced on page 1 of your supplemental testimony.

22 A Yes.

23 MR. CONNOLLY: Madam Chairman, the Postal
24 Service requests that the supplemental testimony of
25 Cheryl Martin on behalf of the Postal Service marked

1 as USPS-ST-2 be received into evidence at this time.

2 CHAIRMAN GOLDWAY: Are there any objections?

3 (No response.)

4 CHAIRMAN GOLDWAY: Hearing none, I'll ask
5 counsel to provide the reporter with two copies of the
6 corrected supplemental testimony of Cheryl Martin.
7 That testimony and the related library references will
8 be received into evidence. However, consistent with
9 Commission practice it will not be transcribed.

10 (The document referred to,
11 previously identified as
12 Exhibit No. USPS-ST-2, was
13 received in evidence.)

14 (The documents referred to
15 were marked for
16 identification as Library
17 Reference Nos.

18 USPS/LR-N2012-1/77 and 79 and
19 were received in evidence.)

20 CHAIRMAN GOLDWAY: This brings us to oral
21 cross-examination. Two participants have requested
22 oral cross-examination, the American Postal Workers
23 Union, AFL-CIO, Mr. Anderson, and the National Postal
24 Mail Handlers Union, Ms. Keller. Is there any other
25 participant who wishes to cross-examine Witness

1 Martin?

2 (No response.)

3 CHAIRMAN GOLDWAY: If not, we'll begin with
4 the American Postal Workers Union counsel.

5 MR. ANDERSON: Thank you, Madam Chairman.

6 CHAIRMAN GOLDWAY: Would you please begin
7 and identify yourself?

8 MR. ANDERSON: Darryl Anderson for the
9 American Postal Workers Union. Good morning, Madam
10 Chairman. Good morning, Commissioners. Welcome,
11 Commissioner Hammond. Nice to see you again.

12 CROSS-EXAMINATION

13 BY MR. ANDERSON:

14 Q Ms. Martin, Good morning.

15 A Good morning.

16 Q I just have three topics I want to take up.
17 We've covered each of them before, but I just wanted
18 to make sure the record is complete in light of your
19 supplemental testimony.

20 One has to do with hubs. Do you remember
21 there was a dialogue we had about hubs during your
22 oral cross-examination before, and I showed you a
23 diagram that the Postal Service used that showed where
24 hubs would be used after network consolidation? I
25 just want to reconfirm for the record now that your

1 supplemental testimony once again does not discuss
2 hubs. Isn't that correct?

3 A That's correct.

4 Q So that insofar as there would be costs
5 associated with hubs in the new network or the
6 consolidated network, those costs would not be
7 reflected in your estimates of costs or savings.
8 Isn't that correct?

9 A That's correct.

10 Q I also want to reconfirm that your
11 supplemental testimony does not consider changes in
12 costs that might occur as a result of the network
13 consolidation for transportation from post office to
14 plant. My understanding is those costs are not
15 calculated as part of your testimony. Is that right?

16 A The transportation between post office,
17 plant to post office, plant to plant. I don't have
18 cost information in my testimony, no.

19 Q So we don't know whether that cost might go
20 up or down. That's not part of your testimony.

21 A No, cost is not.

22 Q All right. Thank you. I also want to
23 return -- this is the last topic I wanted to take up
24 today -- to the question.

25 I think you're still claiming cost savings

1 for network consolidation that you would attribute to
2 changing from postal vehicle service operations to
3 highway contract route operations. Is that still part
4 of your cost saving calculations?

5 A Yes, it is.

6 Q I wanted to come back to that topic. You're
7 familiar with the Article 32 process I believe under
8 the national agreement?

9 A Yes, I am.

10 Q And do you know? My understanding is that
11 the term that's used by the Postal Service and I guess
12 by the union as well when a postal vehicle service
13 route being driven by postal employees is changed to a
14 highway contract route, that's called a conversion.
15 Is that correct?

16 A A mode conversion, yes.

17 Q I'm sorry. A what conversion?

18 A Mode conversion. We call it a mode,
19 M-O-D-E, conversion.

20 Q Mode, yes. Right. One mode is PVS and the
21 other mode is HCR.

22 A Correct. Correct.

23 Q And have you personally managed transitions
24 or mode conversions from PVS to HCR?

25 A I have not managed them, no. We review

1 proposals for mode conversions at the national level.

2 Q Okay. So in your official responsibilities
3 you have reviewed mode conversions from PVS to HCRs?

4 A That's correct.

5 Q So that occurs, would it be fair to say,
6 routinely regardless of network consolidation?

7 A No, not routinely.

8 Q Okay. As a matter of standard business
9 practice by the Postal Service that occurs regardless
10 of network consolidation. Is that a fair statement?

11 A It depends on if it's a business proposal
12 that someone would like to initiate at a local level,
13 but it's not a routine type of initiative.

14 Q We appreciate that. Thank you very much.
15 But really what I'm driving at is that that option is
16 something that managers can take and initiate a change
17 from PVS to HCR regardless of network consolidation.
18 Isn't that correct?

19 A Yes. That's correct.

20 Q And so I understand you were asked to make
21 cost calculations in connection with network
22 consolidation, but hypothetically wouldn't it have
23 been possible to ignore transportation cost savings
24 due to changing from PVS to HCR as part of this
25 consolidation process?

1 MR. MECONE: Madam Chairman, I'm going to
2 object to this specific question because it's outside
3 the scope of Witness Martin's testimony. She did not
4 actually make any particular cost calculations at all.
5 Her testimony is specifically around rationalizing the
6 transportation network.

7 CHAIRMAN GOLDWAY: I'm going to allow the
8 representative from the APWU to proceed. I think the
9 issue of how we distinguish what is a savings related
10 to network consolidation and what are savings that the
11 Postal Service could proceed with in other ways is
12 useful information.

13 MR. ANDERSON: Thank you, Madam Chairman. I
14 think only one or two more questions should be
15 necessary on this line.

16 BY MR. ANDERSON:

17 Q I simply wanted to ask Witness Martin to
18 confirm for me that if the network consolidation were
19 in fact carried out as proposed by the Postal Service
20 it could be done and concluded and then subsequently
21 consideration could be given to whether or not to
22 convert, to do a mode conversion from PVS to HCR.
23 Isn't that correct?

24 A Yes. We considered the deactivation of the
25 site, if the site was eliminated, that there would not

1 be a PVS operation there so that's kind of how we
2 quantified what that opportunity might become.

3 Q I'm not sure what you mean by a site
4 deactivated.

5 A In the network rationalization if the site
6 is no longer a part of the network, if the site is
7 gone, then there would not be a PVS or mail processing
8 or any other type of operation so therefore we
9 considered that site as not having to really do an
10 analysis of what could be potentially there from a
11 hypothetical standpoint.

12 We just decided that it would have been fair
13 game for us to assume that the site that would no
14 longer be there is a candidate for elimination and
15 therefore we counted it as a reduction in the number
16 of PVS sites.

17 Q I think I'm just having a terminology
18 problem. I don't want to guess, but I'll try once at
19 least to see if I understand what you're saying.

20 When you say a site would no longer be
21 there, you're not saying that there wouldn't be
22 transportation. You're saying that some change is
23 necessary. Is that what you're saying? There's a PVS
24 site that is going to be impacted by the network
25 consolidation.

1 A Right.

2 Q And because that PVS site is going to have
3 to be changed around, in my lay terminology, you chose
4 to hypothetically convert it from PVS to HCR. Is that
5 what you're explaining?

6 A Yes.

7 Q Okay. Wouldn't it have been equally
8 possible to assume hypothetically in the network
9 consolidation that the PVS drivers, the postal
10 employees, kept driving that route, even though it's
11 changed around? Wouldn't that have been possible?

12 A Yes, it would be.

13 Q Okay. And then after the consolidation is
14 concluded you have PVS drivers in place still,
15 although now changed around due to the network
16 consolidation, but at that point you could apply
17 Article 32 in the ordinary course of business and make
18 a decision whether or not to contract out to HCR
19 routes. Isn't that correct?

20 A Yes, we do have that.

21 MR. ANDERSON: That's all I have.

22 CHAIRMAN GOLDWAY: Thank you. And now we
23 have Ms. Keller.

24 MS. KELLER: Thank you.

25 //

1 CROSS-EXAMINATION

2 BY MS. KELLER:

3 Q Good morning, Ms. Martin.

4 A Good morning.

5 Q I want to start by looking at your revised
6 estimates regarding the reduction in plant to plant
7 trips.

8 On page 3 of your supplemental testimony you
9 say that you estimate the number of plant to plant
10 trips in the current network could be reduced by
11 approximately 8.44 percent through network
12 rationalization. Now, this is calculated by
13 calculating the reduction in the number of trips
14 nationwide, correct?

15 A On page 3 of my supplemental testimony?

16 Q Yes.

17 A Where?

18 Q At the bottom.

19 A Approximately 12.83 percent.

20 Q Oh, okay. I'm sorry. There was a revision
21 to that testimony? I think I'm looking at the
22 original. Okay. So 12.83 percent.

23 A Correct.

24 Q And you arrived at that by looking at the
25 current number of trips, which was a little over

1 13,000, and looking at the trips that could be
2 eliminated, which was about 1,728, and then performing
3 a calculation saying that the trips that would be
4 eliminated would be 12.83 percent of the total,
5 correct?

6 A Yes.

7 Q Okay. And it's true that some trips may be
8 longer, some trips may be shorter. They vary in
9 length, correct?

10 A Yes.

11 Q Okay. And the cost per mile can vary among
12 the trips, correct?

13 A Correct.

14 Q Okay. And Library Reference 77 associated
15 with your testimony contains the cost per mile of all
16 those trips, correct?

17 A Just a minute. I'm trying to figure that
18 out. I can't remember, but if it's in there.

19 Q I did not print out the entire Library
20 Reference 77 because --

21 A Cost per mile.

22 Q Because it would have taken up a lot of
23 paper, but I did print out the individual spreadsheet
24 for the Capitol Metro trip, so if it would help
25 refresh your memory --

1 A Okay.

2 Q -- I'm happy to just show you.

3 A Sure. Thank you.

4 Q I'm sorry. I don't have extra copies of it,
5 but just to refresh your memory about what is in the
6 spreadsheet it might be helpful. That's just the
7 Capitol Metro tab.

8 (Pause.)

9 A Okay. I know what you're talking about now.

10 Q And I apologize for the size of the print.
11 It's how it printed out from Excel. So that Library
12 Reference contains the cost per mile for each trip.
13 Am I reading that correctly?

14 A Yes.

15 Q Okay. And from my view of it it looked like
16 there was a very wide variation among cost per trip.
17 I saw trips as low as 65 cents a mile and trips where
18 the cost per mile was over \$1,000 a mile. Does that
19 comport with your understanding?

20 A If that was included in there, those were
21 different types of rates and it should not be counted
22 as a cost per mile. \$1,000 a mile is not what we're
23 paying. It would be a cost per trip, or it could be
24 some other cost equation. If it got counted in this
25 spreadsheet then that has to be amended to take that

1 out.

2 We don't operate trips on a \$1,000 per mile
3 basis, you know. It would be a different type of
4 trip. It could be a rate, but it was a rate for a
5 cost of a trip. The cost per mile would be something
6 different. It would be the cost per the trip and the
7 number of miles that would give you the cost per mile
8 for the trip.

9 So this spreadsheet should include any rates
10 that are technically associated with a cost per mile
11 and not a cost per trip or associated with some other
12 type of cost that could be part of the contract.

13 Q Okay.

14 A If you can point me or let me know where
15 those errors are and we can make a correction, we'll
16 do that for you.

17 Q There were a number in my review that looked
18 like they were quite high. To your experience and
19 your knowledge, is it fair to say that there is a
20 number of trips that \$4, \$5 a mile is not unusual?

21 A Yes, for a very short haul. Very short
22 local routes where it's more hours intensive or more
23 labor is required, yes.

24 Q Did you do any sort of comparison of the
25 cost per mile of the trips that would be eliminated

1 versus the cost per mile of the trips averaged
2 nationally?

3 A No, I didn't.

4 Q Okay. Library Reference 77 also has the
5 annual cost for each of these trips, correct?

6 A Correct.

7 Q So another way that you could calculate the
8 savings would be simply to add the annual cost for
9 each of the trips eliminated, correct?

10 A Yes.

11 Q Did you do that calculation?

12 A I believe I did not do any cost calculations
13 at all. All I did was determine what would be a
14 candidate that would be eliminated.

15 And again, when this spreadsheet, the
16 supplemental spreadsheet, was prepared this is a
17 bottom up. This is what we were receiving from the
18 field that acknowledged of the plant to plant trips
19 that are operating today what would be candidate for
20 elimination, and we summarize that giving the number
21 of trips just to identify from what was told or what
22 was given to us as the feedback to just scored from a
23 yes/no, is it a candidate or is it not a candidate for
24 elimination.

25 Q And those annual costs and per mile costs

1 contained in Library Reference 77. Are those Fiscal
2 Year 2010, 2011? Do you know?

3 A I'm going to say it was Fiscal Year '11.

4 Q Okay. Turning to the cost savings
5 associated with the conversion of PVS sites to HCR
6 sites, I understand that Witness Bradley did those
7 cost calculations and in his testimony he states he
8 used a national average cost of \$2.05 a mile.

9 Did you do any work to look at the actual
10 HCR costs in the 32 cities where you've stated that
11 the PVS sites could be closed to see if they were
12 above or below that national average?

13 A We did look at some cost data, yes, but I
14 don't have that here and can't remember what it was
15 exactly.

16 Q Looking at the plant to post office savings,
17 within Library Reference 77 you have a spreadsheet
18 which sets out certain routes, certain trips within
19 the plant to post office. It's called Plant to Post
20 Office Operating Miles Reduction. If it would be
21 helpful, I can give you this one I did print out so I
22 could give you a copy of to look at.

23 A I have a copy of that one.

24 Q Okay. Now, did you get the current annual
25 miles and the proposed annual miles that are contained

1 in this spreadsheet? Did you get those from the AMP
2 studies from the various locations?

3 A Yes.

4 Q Now, this spreadsheet only includes the
5 plant to post office miles for those facilities that
6 were involved in an improved AMP study. Is that
7 correct?

8 A Yes.

9 Q Okay. So a facility that's neither gaining
10 nor losing their miles would not be listed on this
11 spreadsheet. Is that correct?

12 A That's correct.

13 Q Okay. So you used these numbers in this
14 spreadsheet to calculate the 3.18 percent reduction in
15 miles in plant to post office miles, correct?

16 A As it was stated, yes, in the AMP studies.

17 Q Okay. So because this spreadsheet only
18 contains those facilities affected by consolidation,
19 that 3.18 percent reduction is a reduction in plant to
20 post office miles for those facilities affected by
21 consolidation, correct?

22 A Yes.

23 Q Okay. So it's not a national reduction in
24 plant to post office miles?

25 A It's those studies that are being impacted

1 by the network rationalization, looking at the gaining
2 and the losing side and the total package and
3 summarizing the proposed and current miles.

4 Q Okay. Now, this spreadsheet doesn't contain
5 the per mile cost for these trips. Is that something
6 that your office has?

7 A They would be basically in the schedule. We
8 would look or try to match up the impacted schedule,
9 the schedules that are identified in each of the AMP
10 packages, the worksheets.

11 They have an HCR ID associated with it, and
12 that HCR ID obviously has the annual cost and the rate
13 per mile, so that wouldn't be part of this. I didn't
14 summarize it in the same way that I did the plant to
15 plant trips.

16 Q Okay. That's something that you could have
17 done though, correct? You could have gotten the
18 annual cost or the per mile cost for these areas and
19 calculated out what the actual cost of these trips
20 being reduced is, correct?

21 A Well, the annual current miles and the
22 current costs would give you the rate per mile
23 basically, and if you look at it against the proposed
24 you can kind of come up with the same answer.

25 Q Okay.

1 A But it's just not expressed the same way.

2 MS. KELLER: Okay. I'd like to look at a
3 couple of the AMPs just as examples that you got these
4 numbers from because when I looked at them I was
5 having some confusion.

6 The first one I want to look at is the
7 Corpus Christi P&DC into the San Antonio P&DC. If I
8 could approach?

9 CHAIRMAN GOLDWAY: Yes. By all means.

10 BY MS. KELLER:

11 Q Now, on your chart -- I'm sorry. I'm just
12 trying to find Corpus Christi. Here it is. It's No.
13 155 on your chart, and you had estimated a 52.73
14 percent reduction in plant to post office miles from
15 the Corpus Christi consolidation.

16 Now, what I've handed you is just a portion
17 of the Corpus Christi AMP, which includes the summary
18 narrative and the transportation HCR pages. Now, is
19 this essentially what you looked at when you compiled
20 the chart that is in Library Reference 77?

21 A Yes. It's the transportation worksheet, the
22 current miles and the proposed miles.

23 Q Okay. So if we look at page 42, which is
24 the last page in what I handed you, that 3,457,163
25 current miles and the proposed 1,634,034 proposed

1 miles. You took that directly from page 42 of this
2 AMP? Am I reading that correctly?

3 A Yes. In some cases people do not summarize.
4 They give me totals. So we either use what's in the
5 spreadsheet or we'll calculate the total based on what
6 the entries are.

7 Q Okay. And those would be the entries on
8 page 40?

9 A Forty. Uh-huh.

10 Q Okay. Where it lists out eight HCR routes?

11 A Correct.

12 Q Okay. And from my review of the summary
13 narrative in this AMP, it appears that those eight HCR
14 routes listed there are only a subset of the HCR
15 routes that are servicing plant to post office for
16 Corpus Christi currently. Is that your understanding?

17 A That's correct.

18 Q All right. So, for instance, on pages 4
19 through 9 of this AMP there's a fairly extensive
20 discussion of the transportation changes associated
21 with the consolidation, and by my count it discusses
22 17 different HCR routes that are involved in plant to
23 post office travel. Does that sound about right to
24 you?

25 A It appears to.

1 Q Okay. So I take it that there's no change
2 to the other nine routes? That there will be changes
3 to eight routes and no changes to the other nine
4 routes?

5 A Generally what's listed in the AMP study at
6 least for the most part are those routes that are
7 impacted. Either there's changes in the mileage,
8 increase or decrease, instead of summarizing all of
9 the routes that are just not impacted because the
10 spreadsheets could get pretty full.

11 Q Okay. Well, that's a helpful clarification.

12 A Yes.

13 Q So turning back to the chart on pages 40 to
14 42 of that AMP, if only the eight routes that are
15 affected are included in that route then that means
16 that the 52 percent reduction is a reduction only in
17 the eight affected routes, correct?

18 A Yes, based on what I've summarized.

19 Q Okay. So it's not a 52 percent reduction in
20 plant to post office miles for Corpus Christi. It's
21 probably more like a 25 percent reduction in plant to
22 post office miles for Corpus Christi.

23 A I don't know what the reduction would be.
24 It would be the 52 percent reduction based on what's
25 listed in the AMP package. So 52 percent of the miles

1 are impacted for the existing routes that they've
2 identified.

3 Q For those existing routes?

4 A Correct.

5 Q To find out what the overall percentage
6 reduction for Corpus Christi plant to post office
7 routes is you'd need to know what the current annual
8 mileage is for all of those 17 HCR routes?

9 A Yes. For everything that they have
10 operating.

11 MS. KELLER: Okay. I think that's all the
12 questions I have. Thank you.

13 THE WITNESS: You're welcome.

14 CHAIRMAN GOLDWAY: Thank you. Is there
15 anybody else in the audience who would like to ask
16 questions?

17 (No response.)

18 CHAIRMAN GOLDWAY: Questions from the bench?
19 Commissioner Langley?

20 VICE CHAIRMAN LANGLEY: Thank you very much
21 and thank you again, Ms. Martin, for appearing before
22 us.

23 THE WITNESS: You're welcome.

24 VICE CHAIRMAN LANGLEY: As we had for Mr.
25 Bratta, I have a question from our technical staff

1 that we would like a response from on the record.

2 In your supplemental testimony you discussed
3 that all routes were analyzed to determine the percent
4 reduction in plant to plant trips. Witness Bradley
5 applies this percent reduction to the inter SCF
6 accrued costs and cost elasticity values to obtain
7 plant to plant cost savings.

8 Did you consider directly estimating the
9 cost savings by summing up the costs of those trips
10 that would be potentially eliminated?

11 THE WITNESS: I don't really remember, but I
12 think we did summarize to see what the impact would be
13 from a cost standpoint, but I didn't put any cost
14 information together.

15 VICE CHAIRMAN LANGLEY: It's not in the
16 supplemental testimony, correct?

17 THE WITNESS: No, it is not.

18 VICE CHAIRMAN LANGLEY: Is there a reason
19 that you went one way and not the other?

20 THE WITNESS: No, there's no reason.

21 VICE CHAIRMAN LANGLEY: Okay. Thank you
22 very much.

23 CHAIRMAN GOLDWAY: Do you think it might be
24 more accurate to have simply added up the cost savings
25 in all of the plans rather than gone through the

1 formula and estimates that Bradley then filters the
2 information through?

3 THE WITNESS: I would assume that would give
4 us more of an accurate picture, but with thousands and
5 thousands of routes and trips we're just trying to get
6 through as much as we can as fast as we can.

7 You know, what I was trying to determine
8 basically, Chairman, was what was the impact overall
9 with how many trips potentially and trying to take an
10 approach of estimating how much capacity or how many
11 trips the Postal Service would be able to reduce in
12 its entire network over those three categories.

13 I didn't really go into the cost that
14 deeply. I just wanted to assume the reduction and
15 then let the costing witnesses try to put the numbers
16 to the result.

17 CHAIRMAN GOLDWAY: Okay.

18 VICE CHAIRMAN LANGLEY: So using a percent
19 value was more efficient in this case?

20 THE WITNESS: Yes. From my standpoint, yes,
21 it was.

22 VICE CHAIRMAN LANGLEY: Thank you.

23 THE WITNESS: You're welcome.

24 CHAIRMAN GOLDWAY: Were you surprised that
25 the transportation savings turned out to be much less

1 than they were in the original sample?

2 THE WITNESS: No, I wasn't surprised. I
3 think when Commissioner Taub asked me that question
4 the last time and he asked me if I anticipated that
5 the number that I had, which was on the plant to plant
6 side, of almost 25 percent, if I anticipated that was
7 going to be something that would hold true, I stated I
8 did not.

9 What we generally have is a tendency where
10 people go in and they try to assume what it is that
11 they need from a proposed standpoint, and when we get
12 into the actual implementation we actually do better
13 than what the AMPs say when we kind of go through some
14 of our PIRs or postimplementation reviews.

15 So they have a tendency to hold onto the
16 capacity, not knowing, so that's what really brought
17 down my percentage, the difference between my
18 percentage and what the field or what the areas
19 estimated in terms of the reductions.

20 CHAIRMAN GOLDWAY: Okay. Any other
21 questions? Commissioner Taub?

22 COMMISSIONER TAUB: Good morning again.

23 THE WITNESS: Good morning.

24 COMMISSIONER TAUB: And again, as I
25 mentioned before, thank you for your service to the

1 Postal Service and the nation. I understand you're
2 getting close to retirement from the federal
3 government.

4 THE WITNESS: Yes, I am.

5 COMMISSIONER TAUB: So I'm glad we had an
6 opportunity to see you again in the live testimony.

7 I just wanted to pick up a couple threads
8 from the American Postal Workers Union discussion.
9 The hubs is another issue we talked about at the
10 hearing the last time and, as discussed earlier today,
11 you had stated that indeed the issue of the hubs is
12 not factored into the supplemental testimony.

13 When we last talked about it you had
14 indicated when the hub design comes to fruition, if
15 you will, that would be factored in. Where is the
16 Postal Service in that process of finalizing the hub
17 design?

18 THE WITNESS: Truthfully, I do understand
19 that from the AMP submissions that we have a lot of
20 hubs that are being recommended. I'm sorry to leave
21 that out. That was also a factor in the reduction I
22 would believe in some of the transportation.

23 But again, we're looking at it on a case by
24 case basis and where it makes sense and where it helps
25 to expedite service and make sure that we achieve our

1 service goals. I mean, I would think some places that
2 are considering hubs probably will implement them.

3 The only thing that I know at this point is
4 the list of hub locations as potential. I don't have
5 anything definitive to offer you to say that it will
6 be a site that we will have the hub. So we're going
7 to work through all of those recommendations for hubs,
8 and we will probably err on the side of people that
9 know best that we need to do those.

10 You know, if the transportation is required
11 there will be a link to the hub -- it won't be
12 eliminated -- so that we continue operating to a point
13 that's been recommended as retaining for our hub
14 scenario.

15 COMMISSIONER TAUB: Do you have a sense of
16 timing when the final decisions would be made on the
17 hubs or is there indeed a final decision point or is
18 this more a rolling assessment based on, as you said,
19 if you will, the local areas saying hey, we need a hub
20 here?

21 THE WITNESS: I think it's the latter. I
22 think it's more of a rolling assessment. We are
23 certainly working with people when they ask for our
24 assistance to make determinations of whether or not a
25 hub makes sense if they ask us for our opinions. A

1 lot of this is more locally driven, and they know best
2 what connections that they need or what things would
3 be necessary for implementation.

4 So I do believe where people have
5 recommended hubs and they do make sense for us from
6 the standpoint of keeping them in our network they
7 will be implemented, but I don't have a decision and I
8 don't know when that decision is going to be made.

9 COMMISSIONER TAUB: I appreciate that.
10 Related to the hub design itself, just looking at the
11 overall proposal from the Postal Service, we have the
12 P&DCs and how the transportation fits into that. From
13 your perspective and experience, to what extent do you
14 have a concern that the Postal Service's proposal and
15 the analysis excluded the network distribution
16 centers?

17 THE WITNESS: Well, I think from a plant to
18 plant -- and this is my experience. From a plant to
19 plant standpoint we do have hubs today that are inside
20 or have been relocated to our network distribution
21 centers, so we are taking advantage of those hubs
22 where it makes sense, and these are the network hubs
23 that are independent. They are moving more into the
24 network distribution centers, the NDCs.

25 So in the plant to plant analysis I've kind

1 of looked at the ability to co-locate or just move
2 those hubs over so that we can consolidate or get
3 better consolidation. Obviously if you have an
4 independent facility you have to have more
5 transportation to go to and from that hub. So if they
6 are housed in the NDCs and they can occupy and they
7 have space we've done that now as we've activated the
8 NDCs, and we are going to do more of that in the
9 future.

10 As far as these localized hubs, obviously we
11 would need them for other reasons, but I just think
12 from my experience we've considered at least from a
13 network perspective, the long haul network
14 perspective, hubs are considered in the NDCs, and some
15 of what I've looked at in terms of the ability to
16 eliminate transportation, considered the fact that we
17 would be able to move some of those hubs into our
18 NDCs.

19 COMMISSIONER TAUB: Okay. Thank you. One
20 last question I had, again picking up a thread from
21 some of the discussion with the APWU, this issue of
22 the Postal Service vehicle transportation and moving
23 into the highway contract route approach.

24 From a larger perspective, what is the
25 Postal Service's focus? Is it case by case, or is

1 there a larger desire to I'll use the proverbial word
2 outsourcing to the highway contract route approach?

3 THE WITNESS: We look at each one of the
4 proposals, business cases, on a case by case basis.
5 It's nothing that I can say that we'd say we have all
6 of the PVS sites and then we're going to move to
7 outsource every one of them.

8 That's not the case because in a lot of
9 cases we have to look at very specific things in the
10 metropolitan areas where it's very highly congested.
11 Do we have leverage in terms of deliveries with our
12 red, white and blue, our postal facilities? So we
13 take on the role of looking at each one on a case by
14 case basis once they are submitted for our review.

15 COMMISSIONER TAUB: And is there any
16 differentiation in terms of that assessment in terms
17 of the general thrust with the long haul versus the
18 short in terms of more of a focus looking at the
19 highway contract route as an alternative? Does that
20 factor in in any different way, the long versus the
21 short, in-house or --

22 THE WITNESS: No. It's the same. I mean,
23 we apply the same factors whether it's a short or long
24 haul scenario. You know, in a long haul sense a lot
25 of the regulations or the legal limits in terms of

1 length of haul for our employees would not make it
2 operationally conducive for us.

3 So in a sense of looking at outsourcing it's
4 more of the local, the local transportation and trying
5 to come up with what makes more sense to do from a
6 practical sense.

7 COMMISSIONER TAUB: Gotcha. Thank you very
8 much.

9 THE WITNESS: You're welcome.

10 COMMISSIONER TAUB: Thank you, Madam Chair.

11 CHAIRMAN GOLDWAY: Vice Chairman Langley?

12 VICE CHAIRMAN LANGLEY: I have just a
13 follow-up --

14 THE WITNESS: Sure.

15 VICE CHAIRMAN LANGLEY: -- on your
16 conversation with Commissioner Taub, and it goes with
17 some questioning that you and I engaged in in your
18 last appearance.

19 THE WITNESS: Sure.

20 VICE CHAIRMAN LANGLEY: It's very simple.
21 When we were talking about retaining or establishing a
22 hub, you indicated that much of the decision is driven
23 at the local level, but somebody at headquarters I
24 assume would finalize those plans. Do we know who
25 that would be? Is it a group of people? Are you

1 involved in this?

2 THE WITNESS: We work with the local. As I
3 said, the areas propose through the AMP process their
4 plan, and if it's something that we really need to
5 engage in we obviously work with the area
6 transportation network folks to understand what things
7 that they need from a hub standpoint.

8 My contribution to that is the
9 transportation per se. We might look at a different
10 way of designing the transportation network that's
11 going to support the hub. The actual who runs the hub
12 or who operates the hub, that wouldn't be anything
13 that I would really engage in, but I could be part of
14 a team that would look at the labor component of
15 operating the hub.

16 You know, the transportation piece I would
17 sit and I could work with people to understand what
18 would be a benefit if they're going to go down an
19 implementation path that might not be the best
20 decision, but as far as taking all of the hubs that
21 have been recommended and implementing what we want to
22 do, we do have regular meetings.

23 And I believe this would be the next topic
24 of discussion in terms of Western area, you have the
25 most you've recommended. How are you going to

1 approach it? How are we going to put together a team
2 to decide where and the timeline for when you would
3 need to have those implemented? So I would think that
4 the headquarters people would be actively engaged.

5 In the Capitol Metro area, in this D.C.
6 Metro area, they don't need as many hubs. Maybe six.
7 Or they've recommended six. In Western area where
8 it's very geographically spread out they might need 50
9 or 60 of them, so then we would work more closely with
10 people that would have that type of workload to
11 understand how to help them.

12 VICE CHAIRMAN LANGLEY: Does somebody's
13 signature go on a piece of paper that says yes,
14 Western Region, you can have 10 hubs?

15 THE WITNESS: I believe the areas make the
16 call. I mean, we don't really get in the business or
17 in the way of anyone that needs to make a local
18 decision that's best for them.

19 So I would think it would be the area
20 leadership that would put the signature that said this
21 is what we are recommending and needing and then we
22 would endorse or we would have the discussions about
23 how we might change that to make it or improve it, but
24 I think that decision would come from a local
25 representative.

1 VICE CHAIRMAN LANGLEY: So the establishment
2 or retention of a hub would be at the area
3 transportation management level?

4 THE WITNESS: I would think it would be,
5 yes, the area leadership level, maybe the area vice
6 president or the area manager of operations support,
7 someone like that.

8 VICE CHAIRMAN LANGLEY: Okay. And one
9 further question. I also want to congratulate you on
10 your years of service. As you transition out, who is
11 going to be taking your place?

12 THE WITNESS: We're working on that now.
13 Someone is working with me, and we're working on
14 transitioning now. I'm sure she'll be able to take
15 over and move full speed ahead.

16 VICE CHAIRMAN LANGLEY: You've had a very
17 integral role in this process and so I thank you for
18 appearing before us and your answers.

19 THE WITNESS: Oh, you're absolutely welcome.
20 This was a great experience.

21 CHAIRMAN GOLDWAY: Thank you. I have one
22 further question not necessarily for you, Witness
23 Martin, but for the Postal Service.

24 At the previous hearing Mr. Williams
25 indicated that he would prepare a report for us on

1 hubs. You said that once you got that you could give
2 us the analysis of it. Can we get some information
3 about when we would get that report on hubs from Mr.
4 Williams?

5 MR. TIDWELL: Madam Chairman, I will
6 endeavor to go back to the record and review any
7 commitment that Mr. Williams may have made and respond
8 accordingly.

9 CHAIRMAN GOLDWAY: Okay. I'd like something
10 in writing, and if you need to work with someone on
11 our staff to clarify that that would be useful, but it
12 was our general understanding that we were going to
13 get a report on hubs from Mr. Williams. Okay. By
14 Friday? What's today, Wednesday? By Monday? How
15 about Monday?

16 MR. TIDWELL: I will have to check up on Mr.
17 Williams' whereabouts. He's a busy man.

18 CHAIRMAN GOLDWAY: Okay. We'll say a week.

19 MR. TIDWELL: Give me a week. We can work
20 with that.

21 CHAIRMAN GOLDWAY: Okay. Thank you. Any
22 other questions for Ms. Martin?

23 (No response.)

24 CHAIRMAN GOLDWAY: Any follow-up on
25 questions from the bench?

1 MR. ANDERSON: Madam Chairman, if I may?

2 CHAIRMAN GOLDWAY: Mr. Anderson?

3 MR. ANDERSON: Darryl Anderson for the APWU.

4 On the issue of hubs, I appreciate the Commissioners'
5 further inquiries about that and it did raise another
6 question or two if I may.

7 CHAIRMAN GOLDWAY: Yes.

8 MR. ANDERSON: Thank you, Madam Chairman.

9 CROSS-EXAMINATION RESUMED

10 BY MR. ANDERSON:

11 Q Ms. Martin, as I recall your testimony from
12 the last time we were here, you had not considered
13 hubs as part of your analysis at that time, and you
14 were unaware of any plans for hubs. Is that a fair
15 summary of our dialogue the last time?

16 A Yes.

17 Q Now, there's been a significant change
18 there.

19 A Can I make a correction?

20 Q Yes. Certainly.

21 A There were hubs that were introduced. The
22 hub proposals were introduced in the AMP studies. So
23 I am familiar with the fact that people were proposing
24 to implement hubs, but I did not do work around those
25 hubs.

1 Q I think I heard in an answer you gave
2 Commissioner Taub a reference to a list of proposed
3 hubs. Is that something that's been developed since
4 your last testimony?

5 A We know from asking and summarizing what was
6 in the AMP proposals more or less what individuals
7 summarized. You know, we summarized what individuals
8 said about where hubs would be potentially located.

9 Q My question was is that a list that was
10 developed since your last testimony, your last oral
11 testimony?

12 A Yes. There was a list developed.

13 Q And you chose not to submit that as part of
14 your written testimony in this matter, your
15 supplemental testimony. Is that correct?

16 A I don't have those. No.

17 Q Pardon me?

18 A No. It's not in my supplemental.

19 Q That was a choice you made not to submit it.
20 Is that correct?

21 A I didn't have that information, sir, so I
22 don't -- this is a recent development, so when we
23 submitted our supplemental testimony I did not
24 understand or have a list of where all the hubs were
25 going to be.

1 Q But you have a list now. Is that correct?

2 A We do have a list of where people had
3 indicated hubs would be, yes.

4 CHAIRMAN GOLDWAY: Any other questions?

5 MR. ANDERSON: No other questions.

6 CHAIRMAN GOLDWAY: Any follow-up questions?

7 MS. KELLER: Madam Chair?

8 CHAIRMAN GOLDWAY: Ms. Keller?

9 MS. KELLER: I have one follow-up. Thank
10 you.

11 CROSS-EXAMINATION RESUMED

12 BY MS. KELLER:

13 Q Again on the hub question and following up
14 on Commissioner Langley's questions, as I understand
15 the process the local areas to the AMPs propose a
16 transportation solution, which may include a hub.
17 That's then reviewed by local area management and
18 moved up to headquarters and signed off by
19 headquarters.

20 It was my understanding that once that
21 proposal contained in the AMP had been signed off by
22 headquarters that that was an approved proposal and
23 that that was the Postal Service's plan moving
24 forward. Based on your testimony today, I am
25 questioning that understanding.

1 Can you explain for me? The AMPs that have
2 proposed hubs and those AMPs have been approved, is
3 that hub concept approved and settled or is that still
4 in flux?

5 A It's approved in concept, but from an
6 implementation standpoint we look at the AMPs and we
7 evaluate whether or not the recommendation for the hub
8 is feasible more or less, and included in there the
9 transportation is considered, whether or not they're
10 going to continue to have transportation to and from a
11 hub if they've mentioned it in their proposal.

12 At the decision point of is that hub really
13 going to be implemented we go through the process of
14 evaluating -- not evaluating, but it's more or less a
15 process of you stated something several months ago.
16 We're going to get into the implementation. Does it
17 still make sense to do? And if the answer is yes,
18 then they'll do it.

19 If the answer is well, we kind of took a
20 look at it and we said we wanted to do it, but we
21 don't think we absolutely need one, then we wouldn't
22 implement one.

23 Q So even though it's part of an improved AMP,
24 it may or may not actually happen?

25 A It's part of an AMP proposal that once the

1 AMP is reviewed we consider what the proposal or the
2 recommended solution is. Once we get into the actual
3 implementation people might consider or re-evaluate
4 their original proposal and determine that maybe I can
5 do it without a hub.

6 So it doesn't really mean that we have to
7 implement actually what we proposed in a sense. It's
8 a business plan. It is a plan that's designed to give
9 us some framework in terms of the thinking, in terms
10 of the consolidation or how you're going to do
11 something.

12 And then when we go to postimplementation we
13 generally work with individuals to understand whether
14 or not what you stated you wanted to do was actually
15 really necessary or was it an enhancement or can we do
16 something different.

17 Q Has your office started the process of
18 implementing the HCR contract changes identified in
19 these AMPs?

20 A No, we haven't.

21 Q Do you have a timeline for that?

22 A No, I don't.

23 MS. KELLER: Okay. Thank you.

24 THE WITNESS: You're welcome.

25 MR. ANDERSON: Madam Chair? With apologies.

1 CHAIRMAN GOLDWAY: Mr. Anderson? Sure.

2 MR. ANDERSON: Darryl Anderson for the APWU.

3 I realized I had two other hub related questions --
4 they're different types of questions -- that I had
5 left off, and if I may just briefly?

6 CHAIRMAN GOLDWAY: Go ahead.

7 MR. ANDERSON: Thank you very much.

8 CROSS-EXAMINATION RESUMED

9 BY MR. ANDERSON:

10 Q Ms. Martin, do you know whether there are
11 plans to permit mail entry of newspapers or other
12 kinds of mail entry at hubs as part of these plans?

13 A I don't think it would be exclusive to
14 newspapers. I mean, whatever the hub is there for.
15 It would be all mail would be entered in the hub for
16 it to be processed or consolidated with one other
17 transportation.

18 So I'm not familiar specifically about the
19 newspaper aspect, but the hub would be there to
20 facilitate the transport of the mail to and from where
21 it needs to go.

22 Q Okay. Thank you for that answer. Do you
23 know if there are any plans for distribution to be
24 done at hubs?

25 A No, I'm not, and I think you should -- I

1 would say that the best person to ask would be Witness
2 Neri about the distribution.

3 MR. ANDERSON: Thank you.

4 THE WITNESS: Yes.

5 MR. ANDERSON: Thank you for your testimony
6 today.

7 THE WITNESS: You're welcome.

8 CHAIRMAN GOLDWAY: Any more follow-up from
9 the bench?

10 (No response.)

11 CHAIRMAN GOLDWAY: Mr. Connolly, would you
12 like some time with your witness?

13 MR. CONNOLLY: Madam Chairman, the Postal
14 Service requests 10 minutes.

15 CHAIRMAN GOLDWAY: Okay. We'll break for 10
16 minutes then. We'll return at 11:05, okay?

17 (Whereupon, a short recess was taken.)

18 CHAIRMAN GOLDWAY: Okay. We're back in
19 session. Mr. Connolly, do you have questions for your
20 witness?

21 MR. CONNOLLY: Madame Chairman, I just have
22 a few questions.

23 REDIRECT EXAMINATION

24 BY MR. CONNOLLY:

25 Q Ms. Martin, earlier in your discussion you

1 were engaged in a discussion with Commissioner Langley
2 and Madame Chairman Goldway about the reductions in
3 plant-to-plant trips, is that correct?

4 A Yes.

5 Q And your discussion specifically concerned
6 how cost savings were derived, is that correct?

7 A Yes.

8 Q Now, Ms. Martin, did you actually do the
9 calculations pertaining to cost savings?

10 A No, I did not.

11 Q Okay. Do you know who actually did those
12 calculations?

13 A Witness Bradley.

14 Q Okay. Would Witness Bradley be able to
15 explain the methodology used to arrive at the cost
16 savings?

17 A Yes, he would.

18 Q And that's for plant-to-plant trips?

19 A Yes, he should.

20 MR. CONNOLLY: Thank you, Ms. Martin.

21 Madame Chairman, I have no further questions.

22 THE WITNESS: Thank you.

23 CHAIRMAN GOLDWAY: I don't think my question
24 related to what Mr. Bradley did. It related to why
25 you couldn't just add up the numbers. But I.

1 appreciate your clarification in this part of the
2 record. Is there anything else from the bench?

3 (No response.)

4 CHAIRMAN GOLDWAY: If not, Ms. Martin, that
5 completes your testimony here today. All of us thank
6 you for your willingness to participate and for your
7 clear and frank answers and for your long service to
8 the Postal Service and to the country. And if we
9 don't see you again in the near future because you're
10 off doing something else that's valuable and useful,
11 we wish you the best of luck in that as well.

12 THE WITNESS: Thank you so much. I
13 appreciate the experience, and I'm happy to be
14 retiring.

15 (Laughter.)

16 (Witness excused.)

17 MR. ANDERSON: Madame Chairman, at this
18 point, if I may, this is Darryl Anderson for the APWU.
19 I have been reminded that the APWU needs to designate
20 by my count I think seven interrogatory responses by
21 Witness Martin. I apologize for not having these for
22 you before. The copies are on their way to the
23 hearing room as I speak, and --

24 CHAIRMAN GOLDWAY: So we still need Ms.
25 Martin to confirm them.

1 MR. ANDERSON: Well, I have a list that I
2 can recite at this moment, but I don't have the --

3 CHAIRMAN GOLDWAY: I think she would need to
4 look at them, don't you think?

5 MR. ANDERSON: Yes, unless she has her full
6 set. Ms. Martin, do you have --

7 CHAIRMAN GOLDWAY: All right. Ms. Martin,
8 this is what we'll do. They're not here yet, right?

9 MR. ANDERSON: They're on their way, about
10 10 minutes.

11 CHAIRMAN GOLDWAY: All right. We will not
12 excuse you. I withdraw my excusal --

13 MR. ANDERSON: My apologies.

14 CHAIRMAN GOLDWAY: -- and simply ask you to
15 step down and wait, and we'll proceed with the next
16 witness and then at an appropriate time take a break
17 and record these questions as part of the evidence.
18 Okay?

19 MR. ANDERSON: I appreciate the courtesy of
20 the Chairman and also the indulgence of the witness.
21 I'm glad you're enjoying this.

22 CHAIRMAN GOLDWAY: It won't take long,
23 right?

24 MR. ANDERSON: No, it will not. It will
25 just take moments. I'm glad you're enjoying yourself,

1 Ms. Martin, because we'll see you again.

2 MS. MARTIN: Okay.

3 CHAIRMAN GOLDWAY: All right. So let's
4 begin then with Witness Smith and move as quickly as
5 we can.

6 (Pause.)

7 CHAIRMAN GOLDWAY: Mr. Cheema from the
8 Postal Service, would you identify your witness?

9 MR. CHEEMA: Yes, Madame Chairman. Navil
10 Cheema for the Postal Service. The Postal Service
11 would like to call Witness Marc Smith.

12 Whereupon,

13 MARC SMITH

14 having been duly sworn, was called as a
15 witness and was examined and testified as follows:

16 CHAIRMAN GOLDWAY: You may proceed to offer
17 the witness's supplemental testimony.

18 (The document referred to was
19 marked for identification as
20 Exhibit No. USPS-ST-3.)

21 DIRECT EXAMINATION

22 BY MR. CHEEMA:

23 Q Mr. Smith, on the table before you are two
24 copies of a document entitled, "Supplemental Testimony
25 of Marc Smith on behalf of the United States Postal

1 Service," marked as USPS-ST-3. Are you familiar with
2 this document?

3 A Yes, I am.

4 Q Was it prepared by you?

5 A Yes, it was.

6 Q And do you have any corrections to make?

7 A No.

8 Q Mr. Smith, if you were to testify orally
9 today, would your testimony be the same as in this
10 document?

11 A Yes.

12 MR. CHEEMA: Madame Chairman, we ask that
13 the supplemental testimony of Marc Smith on behalf of
14 the United States Postal Service marked as USPS-ST-3
15 be entered as evidence.

16 CHAIRMAN GOLDWAY: Any objections?

17 (No response.)

18 CHAIRMAN GOLDWAY: Hearing none, I'll direct
19 counsel to provide the reporter with two copies of the
20 corrected supplemental testimony of Mark Smith. That
21 testimony is received into evidence. However,
22 consistent with Commission practice, it will not be
23 transcribed.

24 //

25 //

1 (The document referred to,
2 previously identified as
3 Exhibit No. USPS-ST-3, was
4 received in evidence.)

5 CHAIRMAN GOLDWAY: Counsel, can you identify
6 any library references associated with Witness Smith's
7 supplemental testimony?

8 MR. CHEEMA: Yes, Madame Chairman.

9 CHAIRMAN GOLDWAY: That he has filed in this
10 docket?

11 MR. CHEEMA: Yes. We have two library
12 references.

13 BY MR. CHEEMA:

14 Q Mr. Smith, are you familiar with library
15 references USPS-LR-N2012-1/91 and 96?

16 A Yes, I am.

17 (The document referred to was
18 marked for identification as
19 Exhibit No. USPS-LR-N2012-
20 1/91 and 96.)

21 BY MR. CHEEMA:

22 Q Were those library references prepared by
23 you?

24 A Yes.

25 Q Are you sponsoring those library references?

1 A Yes, I am.

2 MR. CHEEMA: Madame Chairman, we ask that
3 the aforementioned library references be entered as
4 evidence.

5 CHAIRMAN GOLDWAY: Okay. The evidence is
6 included. The library references are included with
7 the evidence therefore.

8 (The document referred to,
9 previously identified as
10 Exhibit No. USPS-LR-N2012-
11 1/91 and 96, was received in
12 evidence.)

13 CHAIRMAN GOLDWAY: And that brings us to
14 oral cross-examination. One participant has requested
15 oral cross-examination, the National Postal Mail
16 Handlers Union. Ms. Keller.

17 MS. KELLER: Thank you.

18 CHAIRMAN GOLDWAY: Wait. Before we begin,
19 is there anyone else who would like to ask questions?

20 (No response.)

21 CHAIRMAN GOLDWAY: Then, Ms. Keller, please
22 begin.

23 MS. KELLER: Thank you. I think we can be
24 very brief.

25 //

1 CROSS-EXAMINATION

2 BY MS. KELLER:

3 Q Looking at page 7 of your revised testimony,
4 you have a statement that the Postal Service may be
5 able to fully vacate 80 buildings totaling 11.4
6 million square feet. Is there a library reference
7 that lists what those 80 buildings are?

8 A No, there isn't. This is a summary. This
9 was a summary of information received from our
10 facilities department, and this is an update of what
11 was in my direct testimony. So again, this
12 corresponds to the -- it's an update of the
13 information I received from facilities in November. I
14 guess the answer is there is no library reference on
15 this.

16 Q Okay. So, if I understand you correctly,
17 facilities gave you the number 80 buildings and they
18 also gave you the number of 11.4 million square feet,
19 is that correct?

20 A That's right.

21 Q Okay. Do you know who at facilities would
22 have the list of which buildings they're talking
23 about?

24 A No. Certainly I don't know necessarily -- I
25 know who I work with in facilities. I'm not sure

1 necessarily who has this list.

2 Q Okay. Fair enough. One more question.
3 Moving down on page 7 on your supplementary testimony,
4 you say that the estimated capital cost for the design
5 and construction of alternative quarters or
6 renovations, you said, "As noted, this cost does not
7 include the funds necessary to reconcile HUB and BMEU
8 complex." What type of data would you need in order
9 to make those estimates?

10 A I'm not sure.

11 Q Okay. So you haven't had any discussions
12 with anyone at the Postal Service about how one would
13 go about making those estimates?

14 A No, I haven't.

15 MS. KELLER: Okay. Thank you. Madame
16 Chair, I think it would be helpful if the Postal
17 Service could submit a library reference that lists
18 the 80 buildings that are contemplated to be fully
19 vacated. I assume, although this may be a poor
20 assumption, that that number is derived from the
21 recommendations contained in various AMP studies, but
22 I have not been able to match up based on my review of
23 the AMP studies which buildings they're talking about
24 fully vacating.

25 CHAIRMAN GOLDWAY: Can we ask you to put

1 your request in writing?

2 MS. KELLER: Certainly.

3 CHAIRMAN GOLDWAY: And then we will see what
4 we can do to facilitate an answer either through the
5 Postal Service or if there is information on the
6 record we can point you to.

7 MS. KELLER: Okay.

8 CHAIRMAN GOLDWAY: Okay. Is there any other
9 question for Witness Smith?

10 (No response.)

11 CHAIRMAN GOLDWAY: Well, we're really moving
12 quickly today then. Anything from the bench?

13 (No response.)

14 CHAIRMAN GOLDWAY: No. Mr. Smith, we're
15 pleased to tell you that that concludes your
16 participation here today, and I will excuse you from
17 our hearings. We appreciate your contribution and are
18 also appreciative of your service to the Postal
19 Service and the country.

20 THE WITNESS: Thank you, Madame Chairman.

21 CHAIRMAN GOLDWAY: Thank you for submitting
22 questions that had not very many further follow-up --
23 submitting testimony that didn't provide for any
24 extensive further questions. That's a sign that the
25 testimony was clearly understood. So thank you.

1 You're excused.

2 THE WITNESS: Thank you, Madame Chairman. I
3 appreciate the opportunity. Thank you.

4 (Witness excused.)

5 CHAIRMAN GOLDWAY: And now, Mr. Anderson,
6 before Mr. Bradley, did we settle this issue of the
7 questions yet, the answers to the questions?

8 MR. ANDERSON: I'm sorry, Madame Chairman.
9 The exhibits have not yet been delivered to me. I am
10 expecting them very promptly.

11 CHAIRMAN GOLDWAY: Okay. All right. Then
12 we'll move ahead with our next witness.

13 MR. CHEEMA: Madame Chairman, the Postal
14 Service would call Michael Bradley.

15 Whereupon,

16 MICHAEL BRADLEY

17 having been duly sworn, was called as a
18 witness and was examined and testified as follows:

19 DIRECT EXAMINATION

20 BY MR. CHEEMA:

21 Q Mr. Bradley, would you please state your
22 full name for the record?

23 A Michael David Bradley.

24 //

25 //

1 (The document referred to was
2 marked for identification as
3 Exhibit No. USPS-ST-4.)

4 BY MR. CHEEMA:

5 Q Mr. Bradley, on the table before you are two
6 copies of a document entitled, "Supplemental testimony
7 of Michael Bradley on behalf of the United States
8 Postal Service," marked as USPS-ST-4. Are you
9 familiar with this document?

10 A I am.

11 Q Was it prepared by you?

12 A It was.

13 Q Do you have any corrections to make?

14 A I do not.

15 Q If you were to testify orally today, would
16 your testimony be the same as in this document?

17 A It would.

18 MR. CHEEMA: Madame Chairman, we ask that
19 the supplemental testimony of Michael D. Bradley on
20 behalf of the United States Postal Service marked as
21 USPS-ST-4 be entered as evidence.

22 CHAIRMAN GOLDWAY: Are there any objections?

23 (No response.)

24 CHAIRMAN GOLDWAY: Hearing none, I'll direct
25 counsel to provide the reporter with two copies of the

1 corrected supplemental testimony of Michael Bradley.
2 That testimony is received into evidence. However,
3 consistent with Commission practice, it will not be
4 transcribed.

5 (The document referred to,
6 previously identified as
7 Exhibit No. USPS-ST-4, was
8 received in evidence.)

9 MR. CHEEMA: Madame Chairman, we also have
10 two library references associated with his testimony.

11 CHAIRMAN GOLDWAY: Thank you.

12 (The document referred to was
13 marked for identification as
14 Exhibit No. USPS-LR-N2012-
15 1/92 and 93.)

16 BY MR. CHEEMA:

17 Q Mr. Bradley, are you familiar with Library
18 References USPS-LR-N2012-1/92 and 93?

19 A I am.

20 Q Were those library references prepared by
21 you?

22 A They were.

23 Q Are you sponsoring them?

24 A I am.

25 MR. CHEEMA: Madame Chairman, we ask that

1 Library References USPS-LR-N2012-1/92 and 93 be
2 entered as evidence.

3 CHAIRMAN GOLDWAY: Any objections?

4 (No response.)

5 CHAIRMAN GOLDWAY: If not, they will be
6 entered as well.

7 (The document referred to,
8 previously identified as
9 Exhibit No. USPS-LR-N2012-
10 1/92 and 93, was received in
11 evidence.)

12 CHAIRMAN GOLDWAY: And that brings us to the
13 oral cross-examination of Witness Bradley. We have
14 one participant who has requested oral cross-
15 examination. That's the National Postal Mail Handlers
16 Union, Ms. Keller. Is there any other participant who
17 wishes to cross-examine Witness Bradley?

18 (No response.)

19 CHAIRMAN GOLDWAY: If not, then, Ms. Keller,
20 will you begin, please?

21 CROSS-EXAMINATION

22 BY MS. KELLER:

23 Q Good morning, Dr. Bradley.

24 A Good morning.

25 Q Let's start by looking at page 3.

1 CHAIRMAN GOLDWAY: Oh, microphone, please.

2 MS. KELLER: I'm sorry. My microphone
3 wasn't on.

4 BY MS. KELLER:

5 Q Good morning, Dr. Bradley.

6 A Good morning.

7 Q I'd like to start by looking at page 3 of
8 your testimony where you discuss plant management cost
9 changes and particularly looking at Table 2 of the
10 revised plant management cost savings. Now, as I
11 understand these calculations, you looked at all the
12 LDC-80 hours at the sites that would lose their mail
13 processing functions based on the February 23
14 decisions. Is that accurate?

15 A It's based upon the list of what was termed
16 to be inactive sites from the -- yes, February 23,
17 yes, sorry.

18 Q Okay. And you didn't look at the individual
19 AMP decisions to match it up against any EIS or LDC
20 number allotments in those decisions, is that correct?

21 A That's correct.

22 Q Okay. So this Table 2 figure looks at the
23 cost of the LDC hours at the inactive sites. Your
24 calculations don't look at the gaining facilities to
25 see if there's any addition to management hours at

1 those facilities, is that correct?

2 A That's correct. LDC-80 is for plant
3 managers, and generally there's only one per plant.

4 Q Okay. Looking at Table 10 in your
5 testimony, which is on page 14 of your testimony, this
6 is a table in which you calculate the cost savings in
7 the plant to post office portion of the HCR network.

8 A Correct.

9 Q And you apply a capacity reduction that was
10 supplied to you by Ms. Martin to a baseline cost. Is
11 that baseline cost, is that a nationwide cost?

12 A Yes.

13 Q Did you have an understanding of what that
14 3.2 percent reduction that Ms. Martin provided to you,
15 did you have an understanding as to what that
16 represented?

17 A Yes, I do.

18 Q And what is or was your understanding?

19 A Is. My understanding is that is her
20 estimate of the reduction in plant to post office
21 transportation across the country.

22 Q Okay.

23 A And if I may, although we use the phrase
24 plant to post office, it means both back and forth,
25 from plants to post office and post office to plant.

1 Q Okay. Turning to Table 11 on page 16 of
2 your testimony, and this is your sum-up table with the
3 revised cost savings flowing from the proposed service
4 standard change. I want to look at this first box,
5 the first portion of the table, which is the mail
6 processing labor cost changes. And what I'd like to
7 try to do is to tease out -- this totals \$1.35 billion
8 in savings, and what I'd like to do is try to tease
9 out what portion of this is attributable to the
10 productivity gains estimated by Mr. Neri.

11 A Okay.

12 Q So, if we go through these line by line, the
13 workload transfer of \$58.4 million in savings, that is
14 unaffected by the productivity estimates, is that
15 correct?

16 A Correct.

17 Q Okay. So the next one, productivity gains
18 of \$968 million and change, that is entirely
19 attributable to the productivity, is that correct?

20 A Correct.

21 Q Okay. The premium pay reductions of \$72
22 million, that is unaffected by the productivity
23 estimates, is that correct?

24 A Let me just think on that for one second.

25 Q I'm not sure I'm correct on that.

1 A No, no. Yes. I think that it would be
2 affected by the productivity indirectly. If you'd
3 like, I can explain the mechanism.

4 Q Please do.

5 A The premium pay reduction asks the question
6 how much money do you save by shifting hours from
7 night to day, but the base on which you multiply that
8 shift would be the hours in the new network and those
9 hours in the new network would be affected by the
10 productivity changes. So indirectly, through the
11 calculation of the base number, it could be affected.

12 Q Okay. Thank you for that.

13 A Uh-huh.

14 Q The supervision and plant management
15 reductions, now that's a mixed number that is affected
16 in part by the productivity estimates, is that
17 correct?

18 A That's correct. Plant management part would
19 not be affected. But again, the supervision, you
20 calculate your supervisory cost savings by multiplying
21 the ratio 6.35 percent times the change in direct
22 cost, which would be affected by the productivities.

23 Q Okay.

24 A So it's the same issue where the base would
25 change?

1 Q Yes.

2 A Okay.

3 Q And if you wanted to calculate what that
4 figure would be taking out the productivity gains, I
5 attempted to do that, and I'm not an economist, so I'm
6 going to give you my method and you can tell me if
7 it's a method you'd agree with.

8 A Okay.

9 Q What I did was take the \$58.4 million in
10 savings attributable to workload transfer and then I
11 multiplied that by your 6.35 percent ratio of LDC 10
12 hours to LDC 11 to 18 hours. Does that sound like the
13 right way to do it?

14 A No.

15 Q No? Okay. How would you do it?

16 A I think what you'd want to do -- there's two
17 ways you could go about doing it. One would be to
18 calculate the percentage of -- and I think I gave this
19 to you in an interrogatory response in the direct
20 part, what percentage -- or it might have been Mr.
21 Anderson, but what percentage of the cost savings were
22 from productivity changes. And I don't remember what
23 it was, but let's hypothetically say it's 75 percent.

24 Then you could say, well, if that's 75
25 percent of the reduction in direct cost, then I would

1 multiply the supervisory savings portion of that by
2 that 75 percent.

3 Q Okay.

4 A And you can find, the supervisory portion of
5 that 80 number is given in Table 6 on page 8 of my
6 testimony if you just wanted that piece of it, 65,145.

7 Q Okay. And to get that percentage of cost
8 savings from the productivity, would that be simply
9 the \$968 million in productivity gains plus the \$58
10 million in workload transfer? I'm sorry. That should
11 be on the bottom of the division, 968 divided by 968
12 plus 54? Would that be how you got that percentage?
13 I know trying to do math orally is --

14 A That's okay. Yes. No, no. I think it
15 would be -- I think the numerator would be 968.2. The
16 denominator would be 968.2 plus 58.4, not the premium
17 pay. I'm just not sure. I'd have to go back and
18 think about the 35.3 for in-plant, whether that gets a
19 supervisory portion or not. That may or may not be in
20 there. You'd have to check.

21 Q Okay.

22 A If you go into my Library Reference 92, the
23 mail processing spreadsheet, in there, you'll see
24 exactly what the supervisory ratio is multiplied by
25 looking at the cell reference and that would tell you

1 what the denominator would be, because if you look at
2 the cell references, it will have several numbers
3 summed up. And the numerator would be the 968.2 and
4 the denominator would just be that sum. Is that
5 clear?

6 Q I think so.

7 A Okay.

8 Q Trying to do math on the fly is always
9 challenging.

10 A Yes.

11 Q But I appreciate your working with me.

12 A Sure.

13 Q And would one follow the same method to
14 tease out the productivity estimates from the in-plant
15 support reductions and the indirect cost reductions?

16 A In-plant support would not be affected by
17 productivity.

18 Q Okay. And the indirect costs?

19 A Indirect costs would be.

20 Q Okay.

21 A I mean, I think that a good ballpark figure,
22 maybe not 100 percent precise, but it would get you 98
23 percent of the way, would be just take the 96.82 and
24 multiply it by the 6.5 percent because that
25 supervisory goes with each one, and then multiply it

1 by -- it's approximately 11 percent for the indirect
2 cost reductions. The exact formula is again in my
3 library reference. But if you would take the 968 --
4 basically what you're trying to do is take the 968.2
5 direct productivity cost and capture all the
6 indirects.

7 Q Exactly.

8 A And although there's a little bit in there
9 for premium pay estimates, that's de minimis I would
10 suggest. The two measurable ones would be the six and
11 a half for supervisory and then the 11 percent
12 indirects.

13 MS. KELLER: Okay. Thank you. That's very
14 helpful. That's all I have for you today. Thank you.

15 THE WITNESS: Okay.

16 CHAIRMAN GOLDWAY: Are there any other
17 questions for Witness Bradley today?

18 (No response.)

19 CHAIRMAN GOLDWAY: From the bench?

20 (No response.)

21 CHAIRMAN GOLDWAY: I don't think so.

22 VICE CHAIRMAN LANGLEY: I have a question.

23 CHAIRMAN GOLDWAY: Vice Chairman Langley.

24 VICE CHAIRMAN LANGLEY: We might as well
25 follow up on the question that I asked of Witness

1 Martin.

2 THE WITNESS: Sure.

3 VICE CHAIRMAN LANGLEY: And also we
4 appreciate your being here of course. Her
5 supplemental testimony indicated that all routes were
6 analyzed to determine the percent reduction in plant-
7 to-plant trips, and the calculation was based on your
8 application of a percent to the inter-SCF, accrued
9 costs. Even though you were in the audience, I should
10 finish the question -- and the cost elasticity values
11 to obtain plant-to-plant cost savings.

12 So this morning I asked her whether or not
13 she had considered the option of directly estimating
14 the cost by summing up the cost of those trips that
15 will be potentially eliminated. In your calculations
16 and your process, did you consider doing that?

17 THE WITNESS: Yes, I did. And I didn't do
18 that, and I'd be glad to explain.

19 VICE CHAIRMAN LANGLEY: I would appreciate
20 your explaining.

21 THE WITNESS: Okay. Really there were three
22 reasons why I chose not to do that because
23 intuitively, it's appealing to say okay, if this is
24 what they're going to say, just add it up and we're
25 done. We don't have to do all that math. But really

1 there were three reasons why I was concerned about
2 that.

3 First, when I looked through the cost per
4 trip information in Witness Martin's library
5 reference, there were really some pretty anomalous
6 numbers in there. I think counselor earlier referred
7 to somewhere 1,000, you know, per trip. There were
8 just numbers in there that really I wasn't comfortable
9 with as being reliable enough compared to what the
10 Commission usually uses as a standard for costing. So
11 I was a little concerned that although conceptually,
12 sure, you might want to add all this up, I was worried
13 about the accuracy of that number.

14 The other thing was my understanding is
15 these are really just sort of their plans of what
16 they're going to do. And what they actually do is
17 when the consolidation takes place, they're going to
18 reorganize their transportation network. And, you
19 know, the estimate I think was 12.8 percent. Let's
20 suppose they do reduce their capacity needed by 12.8
21 percent. Experience shows that the Postal Service
22 won't save as much in percentage terms as they will in
23 reduction of capacity.

24 So, if they reduce their capacity 12.8
25 percent, they won't save 12.8 percent of the cost

1 because in transportation, as you get smaller, your
2 cost per trip or your cost per mile goes up because
3 you still have to pay for the drive or you still have
4 to pay for your taxes. You know, you still have to
5 pay for all those things.

6 And so what I tried to do in my approach was
7 to account for the fact that when they reduced the
8 capacity, the costs won't really quite go down as
9 quickly as the capacity would, and that's what that
10 elasticity you referred to is trying to capture.

11 VICE CHAIRMAN LANGLEY: I appreciate that
12 answer. Is there a way of actually looking at the
13 cost per miles in order to get a more reliable
14 determination of actual cost savings?

15 THE WITNESS: Well, without admitting that
16 my approach wasn't reliable, I think it's very hard to
17 do in a prospective -- in other words, if we really
18 knew that they've signed on the bottom line and these
19 are actually the ones they're eliminating and we've
20 seen the results of the contracting process, then I
21 think you can go back and say, okay, yes, let's
22 compare before and after.

23 But, you know, my understanding at this
24 stage is they submit these plans and they go through a
25 review and then they implement, and then they actually

1 make a decision as to what they're going to cut out.
2 And when they do that, that's a rebalancing act. You
3 know, they're going to rearrange their transportation
4 and do it as cheaply as they can over their whole
5 service area. So I'm really uneasy thinking that
6 there's any information out there that would give us
7 that hard number of, okay, we're cutting out 150
8 trips. That's going to be \$60 million, whatever the
9 case may be.

10 VICE CHAIRMAN LANGLEY: So we're in a more
11 theoretical --

12 THE WITNESS: Forward looking or
13 prospective, yes.

14 VICE CHAIRMAN LANGLEY: All right. Forward
15 looking, until such time as things are in concrete.

16 THE WITNESS: As they actually do the
17 implementations.

18 VICE CHAIRMAN LANGLEY: We do not have real
19 cost savings to look at at this point.

20 THE WITNESS: That's right. That's
21 absolutely right, yes.

22 VICE CHAIRMAN LANGLEY: Thank you very much.

23 CHAIRMAN GOLDWAY: Witness Bradley,
24 following up on this line of questioning --

25 THE WITNESS: Sure.

1 CHAIRMAN GOLDWAY: -- I believe that our
2 staff did an exercise in adding up the exact savings
3 for these AMPs, and their savings were significantly
4 less than what you've submitted as your savings based
5 on the formulas. Since you said your reason for doing
6 it would be to reduce the savings, how would you
7 explain that phenomenon, that the actual cash savings
8 from the listed AMPs works out to be significantly
9 less than what your figure is?

10 THE WITNESS: There's a couple
11 possibilities. One would be that again the costs that
12 are associated with these trips aren't accurate. So
13 they're not really the true costs of running this
14 transportation right now. Secondly, I'm not sure
15 that -- you know, I think what Witness Martin did was
16 she took information from the AMPs and compared trips
17 to come up with a percentage reduction, but I'm not
18 100 percent sure that this is necessarily the total
19 list of what actually will be cut if that makes any
20 sense.

21 I haven't done that comparison, so I'm
22 stumbling a little bit because I haven't looked at
23 them, how different they are and if you take out this
24 one or add back that one does it make a difference.
25 But those could be some reasons why.

1 CHAIRMAN GOLDWAY: All right. Well, it all
2 leaves us with still some serious questions to ponder
3 about this proposal, doesn't it?

4 Are there any other questions from the
5 bench? Commissioner Acton?

6 COMMISSIONER ACTON: Dr. Bradley, you
7 mentioned that you felt like there were some anomalies
8 in the data that was presented to you as part of this
9 reassessment.

10 THE WITNESS: Specifically, I was talking
11 about the cost data that was in Library Reference I
12 believe it was 77 that listed the mileage. When I
13 looked through that to look at the cost per trip or
14 the cost per mile, there just seemed to be instances
15 where there seemed to be things in there that weren't
16 necessarily regular transportation.

17 COMMISSIONER ACTON: How does your method
18 account for that data situation?

19 THE WITNESS: What I did was to use the
20 actual booked costs according to Commission rules from
21 CRA or the ACD in 2010. So I didn't use any of their
22 cost data. All I used was Witness Martin's percentage
23 reduction in trips and then multiplied that by the
24 actual recorded costs for FY10. So I didn't use
25 theirs.

1 COMMISSIONER ACTON: There are some pretty
2 big differences between the old and new numbers.
3 What's your expert impression of that disparity?

4 THE WITNESS: In transportation?

5 COMMISSIONER ACTON: Yes.

6 THE WITNESS: Yes. My experience really is
7 similar to Witness Martin's, and that is over the
8 years I found that the field managers are very
9 resistant to give up any transportation. And I'm not
10 saying that in a bad way. It may be rational because
11 it's I think in their view, and probably correctly,
12 it's cheaper to make service standards with additional
13 transportation than it is with additional mail
14 processing. You know, processing tends to be more
15 expensive to get the mail there on time. And so, from
16 their perspective, they're very stingy in giving up
17 any actual transportation.

18 I think in reality it will probably end up
19 somewhere in between her original and the final
20 because they do find that over time, you know, they
21 have trucks that are -- well, we see it, 10 percent
22 full, 15 percent full. And eventually headquarters
23 convinces them that they really just don't need this
24 truck that's only averaging 25 percent or 10 percent
25 capacity utilization.

1 COMMISSIONER ACTON: Okay. We value your
2 expert contribution on the record. Thank you for
3 appearing today.

4 THE WITNESS: Thank you.

5 CHAIRMAN GOLDWAY: Is there any recross?

6 MS. KELLER: Madame Chair, I have one
7 followup question.

8 CHAIRMAN GOLDWAY: Okay. Go ahead, Ms.
9 Keller.

10 BY MS. KELLER:

11 Q Following up on the questions asked by Chair
12 Goldway and Commissioner Acton, they both asked you
13 what a possible explanation would be for the totals
14 calculated by the Commission staff running so much
15 lower than the total that you've estimated. Isn't
16 another explanation for that -- wouldn't another
17 reasonable mathematical explanation be that the trips
18 selected for elimination by Ms. Martin have a bias or
19 tend towards lower cost trips? Perhaps there are
20 trips that don't run as frequently. There are lower
21 cost trips for whatever reason, and that would result
22 in a lower total savings than what you've estimated.

23 A That is a mathematical possibility. You
24 could look at it in the data in LR-77 by calculating
25 the cost per trip for those that were in the 12.8

1 percent versus the remainder. Then that would give
2 you a piece of evidence one way or the other.

3 MS. KELLER: Okay. Thank you.

4 CHAIRMAN GOLDWAY: Okay. Counsel, do you
5 have any recross [sic] for this witness?

6 MR. CHEEMA: We'd like to request maybe five
7 minutes to talk to the witness.

8 CHAIRMAN GOLDWAY: Okay. We'll break for
9 just five minutes. And in the interim, we hope that
10 the issue of the pending interrogatory responses will
11 be solved and we'll get those out of the way before we
12 excuse Witness Bradley. Okay? Thanks.

13 (Whereupon, a short recess was taken.)

14 CHAIRMAN GOLDWAY: Welcome, everyone. We're
15 back in session. I have been informed by counsel for
16 the Postal Service that there is no redirect, which
17 means that we can excuse you, Mr. Bradley, Dr.
18 Bradley, from your role here as witness. Once again,
19 after all these years, we want to thank you for your
20 valuable contribution to the record and for your
21 testimony here today and for the reliable answers that
22 we can always get from you when we ask you questions.

23 If there's nothing else, you may leave. And
24 from what I read in the news today, there's going to
25 be another N case. We'll probably see you soon again.

1 THE WITNESS: Thank you.

2 (Witness excused.)

3 CHAIRMAN GOLDWAY: Now we have the matter of
4 the interrogatory responses that need to be put into
5 the record. Mr. Anderson from the APWU.

6 MR. ANDERSON: Thank you, Madame Chairman.
7 Counsel for the Postal Service has authorized me to
8 represent that Witness Martin has reviewed the
9 interrogatory responses I'm about to designate for the
10 record and that there will be no objection from the
11 Postal Service for their introduction.

12 CHAIRMAN GOLDWAY: Okay. Then would you
13 please give the -- hearing no other objections, please
14 give the court reporter the two copies of the
15 designated --

16 MR. ANDERSON: Is there any need for me to
17 recite them orally, Madame Chairman?

18 CHAIRMAN GOLDWAY: Yes. Why don't you do
19 that for the record.

20 MR. ANDERSON: All right. The interrogatory
21 responses for Witness Martin that we're now
22 designating are APWU-USPS-T6-1, APWU-USPS-T6-14
23 through 16 and 20 and then NPMHU-USPS-T6-5, 15 and 24.
24 //
25 //

1 (The documents referred to
2 were marked for
3 identification as Exhibit
4 Nos. APWU-USPS-T6-1, APWU-
5 USPS-T6-14 through 16 and 20
6 and NPMHU-USPS-T6-5, 15 and
7 24.)

8 MR. TIDWELL: That latter set being
9 institutional?

10 MR. ANDERSON: In addition, counsel for the
11 Postal Service has reviewed institutional responses
12 that we wish to designate at this time, and there will
13 be no objection to those. So, if I may, I'll recite
14 those and then give two copies.

15 CHAIRMAN GOLDWAY: Yes. Why don't you
16 recite those, and we'll have all of these responses
17 submitted into the record at the same time.

18 MR. ANDERSON: Thank you very much, Madame
19 Chairman. These are APWU-USPS-33 and 44 and NPMHU-
20 USPS-1 and 2, subparts B and C.

21 //

22 //

23 //

24 //

25 //

1 (The documents referred to
2 were marked for
3 identification as Exhibit
4 Nos. APWU-USPS-33 and 44 and
5 NPMHU-USPS-1 and 2, subparts
6 B and C.)

7 MR. ANDERSON: I appreciate the courtesy of
8 the Chairman and also counsel for the Postal Service
9 and Witness Martin. Thank you very much.

10 CHAIRMAN GOLDWAY: The responses are to be
11 transcribed into the record.

12 (The documents referred to,
13 previously identified as
14 Exhibit Nos. APWU-USPS-T6-1,
15 APWU-USPS-T6-14 through 16
16 and 20; NPMHU-USPS-T6-5, 15,
17 and 24; and APWU-USPS-33 and
18 44, and NPMHU-USPS-1 and 2,
19 subparts B and C, were
20 received in evidence.)

21 //
22 //
23 //
24 //
25 //

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK
RATIONALIZATION SERVICE CHANGES, 2012

Docket No. N2012-1

AMERICAN POSTAL WORKERS UNION, AFL-CIO, DESIGNATION OF
WRITTEN CROSS-EXAMINATION FOR THE RECORD
(May 9, 2012)

Institutional

APWU/USPS-33, 44
NPMHU/USPS-1, 2(b-c) (filed May 8, 2012)

Martin

APWU/USPS-T6-1 (revised May 4, 2012)
APWU/USPS-T6-14-16, 20 (filed May 7, 2012)
NPMHU/USPS-T6-5, 15, 24 (revised May 4, 2012).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO AMERICAN POSTAL WORKERS UNION, AFL-CIO INTERROGATORY**

APWU/USPS-T6-1. What is the estimated increase/reduction in operating miles of Plant to Plant and Plant to Post Office transportation due to the 2009-2011 consolidations? Please provide all data and supporting analyses used to determine the average percent reduction or increase.

RESPONSE:

The responsive data are provided in the spreadsheet attached to this response, labeled "Rev2.Attach.Resp.APWU.T6.1.xls". The input data for this spreadsheet are the current and proposed mileage data contained in Area Mail Processing (AMP) proposals or Post Implementation Reviews (PIR). As information, each AMP consolidation proposal is subject to a review process that includes an Initial Study and two Post Implementation Reviews (PIRs). At each stage of this process, the current and proposed mileage is evaluated and summarized in a report. My spreadsheet contains data from the most recent report completed for a specific AMP, provided that such report was completed between January 1, 2009 through December 31, 2011. These reports are contained in Library Reference USPS-LR-N2012-1/NP12.

The attached spreadsheet contains, for each consolidation, the following information: the type of report that was analyzed, the Fiscal Year the relevant report was completed, the type of consolidation, the date of the report, the names of the losing and gaining facilities, the total operating miles impacted by the consolidation, the "Plant-to-Plant" operating miles impacted by the consolidation, and the "Plant-to-Post Office" operating miles impacted by the consolidation. To compute the overall increase or reduction in operating miles for each consolidation, I subtracted the sum total of current operating miles from the sum total of proposed operating miles for the losing and gaining facilities under

Revised May 4, 2012

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO AMERICAN POSTAL WORKERS UNION, AFL-CIO INTERROGATORY**

review. A negative number (-) in the "Total Miles Impact" column indicates a reduction in operating miles. Routes serviced by Highway Contract Route (HCR) service and Postal Vehicle Service (PVS) were included in my analysis.

To determine whether the operating miles on a particular route were part of the "Plant-to-Plant" network or "Plant-to-Post Office" network, I matched the HCR Id. No. for each route to its assigned budget account number in the transportation database. Budget account numbers are financial accounting descriptors used to distinguish the categories of transportation mentioned in my testimony. See USPS-T-6 at 4. Plant-to-Plant routes are those that fall within the following transportation categories: Inter-Area, Inter-Cluster, and Inter-P&DC. Plant-to-Post Office routes are those that fall within the Intra-P&DC transportation category. PVS routes are also considered Plant-to-Post Office routes.

MILEAGE IMPACT ON PLANT TO PLANT AND PLANT TO POST OFFICE TRANSPORTATION
Revised May 4, 2012

Study	Fiscal Year	Consolidation	Date of Report	Losing Facility	Gaining Facility	Impact to	Impact to	Impact to
						Operating Miles (Total)	Operating Miles (Plant-to-Plant)	Miles (Plant- to-Post Office)
Final PIR	2011	Originating	16-Sep-11	Athens CSMPG GA	No. Metro PDC GA	797,437	153,449	643,988
Final PIR	2011	Originating	12-Aug-11	Binghamton PDF NY	Syracuse PDC NY	111,745	-14,286	126,031
Final PIR	2010	Originating	28-Jun-10	Canton PDF OH	Akron PDC OH	36,898	24,312	12,586
Final PIR	2011	Originating	19-Aug-11	Cape Code PDF MA	Brookton PDC MA	61,104	0	61,104
Final PIR	2012	Originating	2-Dec-11	Detroit PDC MI	Michigan MetroPlex PDC	-1,661,537	-1,824,223	162,686
AMP	2011	Destinating	2-Sep-11	Flint PDC MI	Michigan MetroPlex PDC	218,939	230,484	-11,545
Final PIR	2011	Originating	23-May-11	Flint PDC MI	Michigan MetroPlex PDC	-855,853	-1,023,793	68,140
Final PIR	2010	O&D	30-Sep-10	Kansas City PDC KS	Kansas City PDC MO	970,446	-379,463	1,349,909
Final PIR	2011	Originating	11-Mar-11	Lakeland PDC FL	Tampa PDC FL	58,930	63,720	-4,790
Final PIR	2011	Originating	13-May-11	Long Beach PDC CA	Santa Ana PDC CA	-124,769	0	-124,769
Final PIR	2011	Originating	29-Aug-11	Manassas PDC FL	Tampa PDC FL	-1,010,541	-1,010,541	0
Final PIR	2011	Originating	13-May-11	Portsmouth PDF NH	Manchester PDC NH	-71,604	-31,907	-39,697
Final PIR	2011	Originating	22-May-11	Queens PDC NY	Brooklyn PDC NY	435,858	-95,670	531,528
Final PIR	2011	Originating	21-Jan-11	Staten Island PDF NY	Brooklyn PDC NY	10,062	0	10,062
Final PIR	2011	O&D	12-Aug-11	Waterford PDC NY	Syracuse PDC NY	-40,818	68,934	-139,752
Final PIR	2011	Originating	27-May-11	Western Nassau PDC NY	Mid Island PDC NY	-186,927	-42,068	-144,859
Final PIR	2012	O&D	2-Dec-11	Wilkes Barre PDF PA	Scranton PDC PA & Lehigh Valley PDC PA	-2,506,325	-1,312,750	-1,193,575
Final PIR	2011	O&D	13-May-11	Winchester PO VA	Dulles PDC VA	155,385	47,643	107,742
1st PIR	2011	Originating	11-Apr-11	Bloomington MPA IN	Indianapolis PDC IN	-2,868	0	-2,868
1st PIR	2011	O&D	27-May-11	Charlottesville PDF VA	Richmond PDC VA	-141,345	28,230	-169,575
1st PIR	2011	Originating	11-Apr-11	Columbus CSMPG GA	Macon PDC GA	-216,804	0	-216,804
1st PIR	2011	Originating	2-Sep-11	Dallas PDC TX	No. TX PDC	821,023	0	821,023
1st PIR	2011	Originating	2-Sep-11	Dulles PDC VA	Northern VA PDC	192,917	-266,923	74,006
AMP	2010	Originating	15-Jul-10	Fox Valley PDC IL	South Suburban PDC IL	216,770	0	216,770
1st PIR	2011	Originating	9-May-11	Fredrick PDF MD	South Suburban PDC MD	85,655	85,655	0
Final PIR	2012	Originating	9-Dec-11	Jackson CSMPG TN	Memphis PDC TN	-137,663	0	-137,663
AMP	2010	Originating	20-Apr-10	Kalamazoo PDC MI	Grand Rapids PDC MI	331,802	220,861	110,941
AMP	2010	Originating	22-Jun-10	Kilmer PDC NJ	DVD PDC NJ and Trenton PDC NJ	235,096	10,122	224,944
1st PIR	2011	Originating	13-May-11	Kinston PDF NC	Fayetteville PDC NC	210,711	-282,039	492,750
AMP	2010	O&D	19-May-10	Lima PDF OH	Toledo PDC OH	1,000,809	101,675	899,134
1st PIR	2011	Originating	21-Apr-11	London PDF KY	Lexington PDC KY	16,049	0	16,049
1st PIR	2010	O&D	26-Feb-10	Manassas PDF CA	Sacramento PDC CA	-1,406,659	-454,867	-951,792
Final PIR	2012	Destinating	28-Oct-11	Mojave PO CA	Bakersfield PDC CA	-95,858	-40,574	-55,284
1st PIR	2011	Originating	18-Feb-11	New Castle PDF PA	Pittsburgh PDC PA	-48,572	-4,801	-43,771
Final PIR	2011	Destinating	29-Aug-11	Newark PDC NJ	DVD PDC NJ	7,329	0	7,319
Final PIR	2011	Originating	13-May-11	Oxnard PDF CA	Santa Clarita PDC CA	765,504	-1,837,651	2,603,155
1st PIR	2011	Originating	29-Apr-11	Palatine PDC IL	Carol Stream PDC IL	-2,554,276	-211,602	-2,342,674
1st PIR	2011	Originating	22-May-11	Panama City PDF FL	Pensacola PDC FL	-186,797	-144,533	-42,264
AMP	2010	Originating	15-Jul-10	Tupelo CSMPG MS	Memphis PDC TN	15,974	5,764	10,210
AMP	2010	Destinating	22-Jun-10	West Jersey PDC NY	No. NJ Metro PDC & Kilmer PDC NJ	812,767	-185,281	998,048
1st PIR	2010	Originating	27-Apr-10	Wheeling PO WV	Pittsburgh PDC PA	48,492	0	48,492
AMP	2011	O&D	2-Jul-11	Aberdeen PDF SD	Dakota Central PDF SD	-168,535	-94,665	-73,870
AMP	2011	O&D	15-Apr-11	Alexandria LA PO	Shreveport PDC LA	-75,289	0	-75,289
AMP	2011	O&D	21-Apr-11	Ashtland PDF KY	Charleston PDC WV	-2,917	-199,754	196,837
AMP	2011	O&D	25-Feb-11	Batesville AR	Northwest PDC AR	25,203	0	25,203
AMP	2011	Originating	14-Jun-11	Beaumont PDF TX	No. Houston PDC TX	-108,316	-99,022	-9,294
AMP	2011	O&D	23-Nov-10	Bekley WV PO	Charleston PDC WV	885	0	885
AMP	2011	Originating	11-Apr-11	Bowling Green PDF KY	Evansville PDF KY & Nashville PDC TN	-137,753	-118,391	-19,362
AMP	2011	O&D	15-Apr-11	Bristol VA PO	Johnson City MPO TN	-269,185	-288,862	29,677
AMP	2011	Destinating	12-Jun-11	Bronx PDC NY	Morgan PDC NY	1,187,515	0	1,187,515
AMP	2011	Originating	10-Jun-11	Bryan MPO TX	No. Houston PDC TX	9,395	-50,034	59,429
AMP	2011	Originating	24-Jun-11	Butte CSMPG MT	Great Falls PDF MT	-3,217	0	-3,217
AMP	2011	Originating	17-Jun-11	Colby KS PO	Salina CSMPG KS	0	0	0
AMP	2011	O&D	4-Feb-11	Daytona PDF FL	Mid-Florida PDC FL	-431,756	-729,960	298,204
AMP	2011	O&D	5-Jul-11	Decorah CSMPG IA	Waterloo PDF IA	-132,809	-32,797	-100,012
AMP	2011	O&D	29-Jul-11	Flagstaff CSMPG AZ	Phoenix PDC AZ	0	0	0
AMP	2011	O&D	15-Jul-11	Fort Dodge CSMPG IA	Des Moines PDC IA	-127,899	-37,539	-90,360
AMP	2011	O&D	5-Jul-11	Fort Scott PO KS	Kansas City PDC MO	0	0	0
AMP	2011	O&D	21-Apr-11	Ford Smith CSMPG	Northwest PDC AR	438,259	34,092	404,167
AMP	2011	Destinating	22-Jul-11	Fredrick PDF MD	Baltimore PDC MD	1,122,593	83,354	1,039,239
AMP	2011	Originating	29-Aug-11	Gainesville PDF FL	Jacksonville PDC FL	-148,891	-148,891	0
AMP	2011	O&D	15-Jul-11	Gillette CSMPG WY	Casper PDF WY	98,679	0	98,679
AMP	2011	O&D	20-Jun-11	Glenwood Springs CSMPG CO	Grand Junction PDF CO	-385,201	0	-385,201
AMP	2011	O&D	9-Sep-11	Globe CSMPG AZ	Phoenix PDC AZ	0	0	0
AMP	2011	Originating	25-Feb-11	Harrison CSMPG AR	Northwest PDC AR	0	0	0
AMP	2011	O&D	24-Jun-11	Havre CSMPG MT	Great Falls PDF MT	0	0	0
AMP	2011	O&D	24-Jun-11	Hays PO KS	Salina CSMPG KS	54,260	0	54,260
AMP	2011	Originating	24-Jun-11	Helena CSMPG MT	Great Falls PDF MT	54,149	0	54,149
Final PIR	2011	Originating	12-Aug-11	Hickory PDF NC	Greensboro PDC NC	87,705	0	87,705
AMP	2011	O&D	22-Sep-10	Houston PDC TX	North Houston PDC TX	-1,027,554	-514,148	-513,406
AMP	2011	Originating	1-Jul-11	Huntsville PDF AL	Charleston PDC WV	-240,990	-77,184	-163,806
AMP	2011	Originating	12-Jun-11	Hutchinson MPO KS	Birmingham PDC AL	73,340	-122,448	195,788
AMP	2011	O&D	10-Jun-11	Independence PO KS	Wichita PDC KS	-7,458	0	-7,458
AMP	2011	Originating	13-May-11	Industry PDC CA	Wichita PDC KS	-81,184	0	-81,184
AMP	2011	O&D	6-Sep-11	Jameson CSMPG ND	Santa Ana PDC CA	389,722	58,871	330,851
AMP	2011	O&D	15-Jul-11	Klamath Falls CSMPG OR	Fargo PDF ND	50,274	9,384	40,890
AMP	2011	Originating	27-Dec-10	Lafayette PDF IN	Medford MPO OR	46,214	0	46,214
AMP	2011	Originating	24-Jun-11	Lancaster PDC PA	Kokomo PDF IN	43,020	0	43,020
AMP	2011	O&D	12-Aug-11	Las Cruces PDF NM	Harrisburg PDC PA	-23,157	5,135	-28,292
AMP	2011	O&D	2-Sep-11	Lincoln PDF NE	El Paso PDF TX	-154,102	-182,255	28,153
AMP	2011	O&D	11-Feb-11	Lufkin PDF TX	Omaha PDC NE	0	0	0
AMP	2011	Originating	18-Mar-11	Lynchburg PDF VA	East Texas PDC TX	-117,413	-67,377	-50,036
AMP	2011	Destinating	28-Aug-11	Meridian CSMPG MS	Roanoke PDC VA	-168,777	-178,740	9,963
AMP	2011	O&D	24-Jun-11	Miles City CSMPG MT	Jackson PDC MS	-174,267	0	-174,267
AMP	2011	O&D	24-Jun-11	Mobridge CSMPG SD	Billings PDC MT	0	0	0
AMP	2011	Originating	4-Feb-11	Muncie PDF IN	Bismarck PDC ND	-482,543	-122,380	-360,163
AMP	2011	Originating	1-Jul-11	North Bay PDC CA	Kokomo PDF IN	89,663	-8,980	98,643
AMP	2011	O&D	18-Mar-11	Oshkosh PDC WI	Oakland PDC CA	570,791	282,953	287,838
AMP	2011	Destinating	25-Mar-11	Oxnard PDF CA	Green Bay PDC WI	-97,426	-262,764	165,338
AMP	2011	O&D	22-Jul-11	Pierre CSMPG SD	Santa Barbara PDC CA	1,049,661	92,068	957,593
AMP	2011	Destinating	21-Apr-11	Pikeville PO KY	Dakota Central PDF SD	-80,379	0	-80,379
AMP	2011	Destinating	5-Aug-11	Portsmouth PDF NH	Charleston PDC WV	-196,617	0	-196,617
AMP	2011	Originating	1-Apr-11	Reading PDF PA	Manchester PDC NH & So. ME PDC	24,235	0	24,235
AMP	2011	O&D	15-Jul-11	Riverton MPA WY	Lehigh Valley PDC PA	29,587	0	29,587
AMP	2011	O&D	21-Apr-11	Russellville CSMPG AR	Casper PDF WY	15,183	0	15,183
AMP	2011	Originating	4-Mar-11	Saginaw PDC MI	Little Rock PDC AR	4,430	0	4,430
					Michigan MetroPlex PDC	345,338	-22,644	367,982

MILEAGE IMPACT ON PLANT TO PLANT AND PLANT TO POST OFFICE TRANSPORTATION
Revised May 4, 2012

<u>Study</u>	<u>Fiscal Year</u>	<u>Consolidation</u>	<u>Date of Report</u>	<u>Losing Facility</u>	<u>Gaining Facility</u>	<u>Impact to Operating Miles (Total)</u>	<u>Impact to Operating Miles (Plant-to-Plant)</u>	<u>Impact to Miles (Plant- to-Post Office)</u>
AMP	2011	Destinating	23-May-11	Salinas PDF CA	San Jose PDC CA	1,166,762	-337,966	1,504,728
AMP	2011	O&D	15-Jul-11	Sheridan CSMPC WY	Casper PDF WY	-70,895	0	-70,895
AMP	2011	O&D	9-Sep-11	Show Low CSMPC AZ	Phoenix PDC AZ	0	0	0
AMP	2011	O&D	15-Jun-11	Sioux City PDF IA	Sioux Falls PDC SD	-86,549	-201,667	135,118
AMP	2011	Originating	23-May-11	Stockton PDF CA	Sacramento PDC CA	97,855	0	97,855
AMP	2011	O&D	11-Mar-11	Texarkana PO TX	Shreveport PDC LA	-555,043	-48,836	-506,207
AMP	2011	O&D	9-Sep-11	Twin Falls MP Annex ID	Boise PDC ID	-56,362	0	-56,362
AMP	2011	Destinating	29-Jan-11	Victoria PDF TX	Corpus Christie PDC TX	-142,896	0	-142,896
AMP	2011	O&D	11-Feb-11	Wichita Falls MPA TX	Fort Worth PDC TX	268,872	0	268,872
AMP	2011	O&D	15-Jul-11	Worland CSMPC WY	Casper PDF WY	131,128	-2,122	133,250
AMP	2011	O&D	4-Feb-11	Zansville PDF OH	Columbus PDC OH	-10,874	0	-10,874
AMP	2012	O&D	10-Nov-11	Bemidji MN CSMPC	St. Cloud PDF MN	-123,697	-61,055	-62,642
AMP	2012	O&D	10-Oct-11	Bluefield WV CSMPC	Charleston PDC WV & Johnson City TN	-68,385	-22,436	-45,959
AMP	2012	O&D	21-Oct-11	Mansfield CSMPC OH	Cleveland PDC OH	423,749	-529,215	-952,964
AMP	2012	O&D	7-Oct-11	Martinsburg CSMPC WV	Baltimore PDC MD	-196,342	-336,471	-140,129
AMP	2012	O&D	28-Oct-11	Utica PDF NY	Syracuse PDC NY	235,223	996	234,227
AMP	2012	Destinating	7-Oct-11	Wheeling PO WV	Pittsburgh PDC PA	-86,934	-151,694	-64,760
AMP	2012	O&D	28-Oct-11	Yakima CSMPC WA	Pasco PDF WA	-153,944	-30,025	-123,919
Total						-1,975,020	-12,605,592	10,244,728

**FINANCIAL REPORTING SUMMARY
BUDGET ACCOUNTS AND DESCRIPTION**

53127	Intra BMC
53131	Inter BMC
53135	Plant Load
53601	Intra P&DC
53609	Inter P&DC
53614	Inter-Cluster
53618	Inter- Area

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY**

APWU/USPS-T6-14

- a) The final PIR for Detroit to Michigan Metroplex in the listing of HCR routes and the final PIR Mileage column for the final 15 lines rows contain mileage numbers not associated with the listed HCR. Please confirm that these numbers are wrong. If confirmed, please provide the correct mileage. If not confirmed, please explain.
- b) Please provide the correct mileage numbers for those routes, a corrected version of the PIR and the documentation for the number that was used in your calculations.
- c) Please confirm that the summary text of the Detroit to Michigan Metroplex AMP states "the approved Detroit AMP projected an annual transportation cost of \$846,407. The initiatives put in place nationwide and the overall consolidation of some routes in both Detroit and Michigan Metroplex show a PIR savings of \$13,299,655. This number is misleading however when you look at the figures that actually apply to the Detroit originating AMP. The losing site added 312,234.3 HCR miles and reduced 42,145.2 HCR miles as a result of the AMP for a net change of 270,089.1 additional HCR miles. Changes to PVS were unrelated to the AMP. The remaining changes were due to simultaneous initiatives to reduce transportation costs."
- d) Please provide any corrected PIR.
- e) Please provide any corrected numbers in your worksheet.

RESPONSE:

- (a) I confirm that the mileage numbers identified in part (a) of this interrogatory (APWU/USPS-T6-14) are incorrect.
- (b) The correct mileage data for those routes are set forth in the chart below:

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY**

RESPONSE TO APWU/USPS-T6-14 (CONT.):

Route #	Pre AMP Annual Mileage	Proposed Annual Mileage	Final PIR Annual Mileage
48119	243,757	243,757	250,593
60811	827,008	827,008	255,675
010KE	586,197	605,849	592,829
070L1	317,386	337,754	0
150Y0 (A)	766,355	897,228	757,340
150Y0 (B)	130,873	130,873	130,873
171L0	541,517	577,921	577,921
207FE	1,421,142	1,441,409	1,480,902
303SE	1,350,506	1,366,874	1,277,291
381Z0	506,666	506,666	506,666
607N0	1,466,406	1,466,406	1,459,321
640M1	458,640	478,292	480,472
680P0	460,818	480,470	480,685
751AE	758,939	778,601	778,627

The supporting documentation consists primarily of HCR Contract Activity Logs which contain data from the Transportation Contract Support System (TCSS) database. Supporting documentation is provided in Library Reference USPS-LR-N2012-1/97. A corrected version of the PIR is unavailable at this time.

- (c) Confirmed.
- (d) A corrected version of the PIR is unavailable at this time.
- (e) Please see the worksheet labeled "Attach.Resp.APWU.T6.14-16.20.xls" attached to this response.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY**

APWU/USPS-T6-15

- a) The final PIR for Wilkes-Barre to Scranton/Lehigh Valley PIR does not record any PVS miles in the PIR columns for either Scranton or Lehigh Valley. Please confirm that this results in an overestimation of the miles reduced by the AMP. If not confirmed, please explain.
- b) The original AMP states that there will be no change in the PVS service, please confirm that "no change" is the actual result or provide the corrected numbers.
- c) Please confirm that the calculations on the HCR contracts in the NP12 version of the PIR show only changes from proposed to actual rather than from prior to AMP to PIR because the prior to AMP column is redacted.
- d) Such redactions do not occur in the other PIRs in NP12. Is there a reason for the redaction in this particular PIR?
- e) Please confirm that if the comparison was made between the PIR levels and the pre-AMP levels that the result would be approximately a third the size of the number shown on your worksheet.
- f) Please provide any corrected PIR.
- g) Please provide any corrected numbers in your worksheet.

RESPONSE:

- (a) Confirmed.
- (b) Confirmed.
- (c) Confirmed.
- (d) A redacted version was provided in error.
- (e) Confirmed.
- (f) A corrected version of the PIR is unavailable at this time.
- (g) Please see the worksheet labeled "Attach.Resp.APWU.T6.14-16.20.xls" attached to this response.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY**

APWU/USPS-T6-16

- a) Please confirm that in the Charlottesville to Richmond PIR, that there is an error in the HCR calculations that causes you to overstate the reduction in miles by over 850,000 miles because the PIR time period numbers were not filled into the worksheet for Richmond (gaining) facility.
- b) Please confirm that the cost numbers in the PIR for the Richmond HCR contracts also do not appear to be correct and therefore the savings are overstated.
- c) Please provide any corrected PIR.
- d) Please provide any corrected numbers in your worksheet.

RESPONSE:

- (a) Confirmed.
- (b) Confirmed.
- (c) A corrected version of the PIR is unavailable at this time.
- (d) Please see the worksheet labeled "Attach.Resp.APWU.T6.14-16.20.xls" attached to this response.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY**

APWU/USPS-T6-20

- a) Please confirm that the worksheet that accompanied APWU/USPS-T6-1 (after the correction of all errors) contains ALL transportation changes noted between the pre-AMP and PIR time periods and not just those that resulted from the AMP.
- b) Since the PIRs seem to be able to distinguish between the transportation changes that are the result of the consolidation and the transportation changes that are the result of other changes to the transportation system, is it possible to distinguish between the two in your corrected response?
- c) Please confirm that transportation routes for a mail processing facility are scheduled to be re-evaluated on a regular basis and do not require a consolidation or an AMP study to make those changes.

RESPONSE:

- (a) Confirmed.
- (b) No.
- (c) Confirmed.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY**

NPMHU/USPS-T6-5. For each plant-to-plant surface transportation trip that will form part of the MNPR Network, please identify the trip and provide the same categories of information for that trip as are provided for the trips listed in the spreadsheet "Plant to Plant Trips," LR-N2012-1/11. Please provide the USPS' best estimate of the "Trip Miles" and "Utilization" for each such trip.

RESPONSE:

The responsive information is contained in the spreadsheet labeled "Plant-to-Plant Update Rev (4.30.12).xls" in library reference USPS-LR-N2012-1/77. Each trip that has not been identified as a candidate for elimination is intended to be included in the rationalized network.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY**

NPMHU/USPS-T6-15. Referring to Library Exhibit N2012-1/11, please update the sheet showing plant-to-plant routes with the planned routes and estimated utilization percentages under the MNPR, assuming all pending AMP studies are approved.

RESPONSE:

The responsive information is contained in the spreadsheet labeled "Plant-to-Plant Update Rev (4.30.12).xls" in library reference USPS-LR-N2012-1/77. Trips that share the same HCR identification number are a part of the same route. The information in the spreadsheet is based on the results of all AMP studies that were announced on February 23, 2012, and that were approved by the Postal Service.

Revised May 4, 2012

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY**

NPMHU/USPS-T6-24. In response to PR/USPS-T6-12, you stated that you will update your testimony in this docket "[w]hen all of the AMP studies relevant to this docket have been completed." Please update your testimony, including by providing updated estimates of costs savings and updated estimates of reductions or increases in operating miles, with all of the AMP studies completed as of February 15, 2012.

RESPONSE:

Please see USPS-ST-2, page 4, lines 17 through 23, and page 5, lines 1 through 10, and the spreadsheet labeled "Plant to Post Office Update (4.16.12).xls" contained in library reference USPS-LR-N2012-1/77. Estimating the cost savings resulting from reductions in operating miles is outside the scope of my testimony.

Revised May 4, 2012

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK
RATIONALIZATION SERVICE CHANGES, 2012

Docket No. N2012-1

AMERICAN POSTAL WORKERS UNION, AFL-CIO, DESIGNATION OF
WRITTEN CROSS-EXAMINATION FOR THE RECORD
(May 9, 2012)

Institutional

APWU/USPS-33, 44
NPMHU/USPS-1, 2(b-c) (filed May 8, 2012)

Martin

APWU/USPS-T6-1 (revised May 4, 2012)
APWU/USPS-T6-14-16, 20 (filed May 7, 2012)
NPMHU/USPS-T6-5, 15, 24 (revised May 4, 2012).

RESPONSE OF UNITED STATES POSTAL SERVICE
TO APWU INTERROGATORY

APWU/USPS-33. Has the Postal Service performed analytical work to evaluate the size and scope of the competitive market for small parcels?

- a) If so, does that analysis include both B to C and B to B market size analysis?
- b) Please provide the analysis of the size of the overall parcel market.

RESPONSE:

Yes. See USPS-LR-N2012-1/NP24.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO APWU INTERROGATORY

APWU/USPS-44

Refer to the testimony of witness Bradley (Table 12, p. 33, line 3). The following data, summary and questions and are related to information found in *Library Reference USPS-LR-N2012-1/22* and referenced by Mr. Bradley in his testimony:

$$\begin{aligned}\text{PVS Cost/Mile} &= (\text{Total Labor Costs} + \text{Total Vehicle Costs})/\text{Total Miles} \\ &= (\$138,325,709 + \$19,630,079)/27,403,820 \\ &= \$5.76/\text{mile}\end{aligned}$$

- a) Do the established costing principles used in this analysis suggest that the PVS cost per mile in the 40 PVS sites marked to be closed is \$5.76 per mile?
- b) What percentage of the \$5.76 per mile is attributable to the VSD wage?
- c) Is the \$2.05 per mile HCR figure based upon actual purchased transportation costs and miles?

RESPONSE:

- a. Established costing principles suggest that the average cost per mile at the 40 listed PVS sites is \$5.76 per mile.
- b. Table 13 on page 35 of witness Bradley's testimony shows that the total labor cost for LDC 34, which is for vehicle service drivers, is \$117,436,017. Dividing this by the total miles of 27,403,820 yields a cost per mile of \$4.29. Dividing this figure by the average overall cost per mile of \$5.76 yields a percentage of 74.4 percent. However, because the Postal Service maintains a fixed relationship between supervisor hours and direct hours, the hourly cost of vehicle service driver also includes the associated supervisor cost. Table 13 of witness Bradley's testimony shows that total labor cost for LDC 30, which is for vehicle service driver supervisors, is \$12,851,471. Dividing the sum of the LDC 34 and LDC30 costs

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO APWU INTERROGATORY

by total miles yields a cost per mile of \$4.75. Dividing this figure by the average overall cost per mile of \$5.76 yields a percentage of 82.4 percent.

c. Yes.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE TO
NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY**

NPMHU/USPS-1. Please provide all spreadsheets, schedules, maps, and other documents reviewed by witness Martin's office or anyone else at Headquarters with respect to the development or approval of any of the AMP studies announced on February 23, including those referenced in Ms. Martin's testimony at page 1197, lines 15-17 and pages 1202, lines 7-9, pages 1203, lines 6-14.

RESPONSE:

On April 6, 2012, the Postal Service filed a partial objection to this interrogatory.

In its objection, the Postal Service stated that, to the extent this interrogatory seeks the production of the proposed transportation schedules to which witness Martin refers in her oral testimony, the Postal Service intends to provide a response to this interrogatory. All of the available, proposed transportation schedules that have been provided to witness Martin's have been filed in library reference USPS-LR-N2012-1/78.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE TO
NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY**

NPMHU/USPS-2. With respect to the Springfield, MO AMP:

- (a) Please explain why the study states that several large pieces of processing equipment will need to be added to the Kansas City facility (see page 8), but there is no additional projected maintenance cost for mail processing equipment (see page 37).
- (b) Referring to page 41, please explain why the "proposed result" for both the losing facilities is the same as the "current" mileage for the losing facility, yet the study projects \$578,593 in HCR contract savings from the losing facility.
- (c) Please explain why "Q" refers to when describing frequency of HCR transportation routes. For instance, in the Springfield, MO, AMP study, what does it mean when it says "modify existing HCR 64014 – 14 frequency Q6; Change departure time from 1900 to 1830 and the frequency from Q6 to Q7."
- (d) Please explain how the estimated on-time costs of \$465,000 for relocation on page 45 was calculated, given that the staffing matrices in the AMP indicate that 212 craft employees and 22 management employees will need to be relocated to Kansas City, and previous testimony has stated that average relocation costs in 2011 were \$5,831 per employee (APWU/USPS-T8-2).

RESPONSE:

- (a) [A response is forthcoming.]
- (b) The AMP package contains transportation worksheets that begin on page 38 and continue through page 40. On page 40, the "proposed result" (582,641) for the losing facility, Springfield MO P&DF, is not the same as the "current mileage" (1,119,498) for the losing facility. The "proposed result" is the sum of the total number of proposed *trips* impacted and is not an estimate of *mileage*. The study projects a savings because of the difference between the current cost (\$1,544,770) and the proposed cost (\$966,177) is \$578,593.
- (c) Alphabetic characters such as the one referred to in the interrogatory represent the frequency of a trip before, during, and after a holiday. Numeric values determine the day of the week a trip operates, beginning with the designation of "1" for Monday and ending with the designation of

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE TO
NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY**

RESPONSE TO NPMHU/USPS-2 (CONT.):

"7" for Sunday. In the example provided, the letter "Q" indicates that the trip will operate on all holidays other than Martin Luther King's Birthday, Washington's Birthday, Columbus Day, and Veteran's Day. The change from "Q6" to "Q7" in the referenced statement means that the trip will now operate on all holidays other than the ones identified above as well as on Sunday ("7"), rather than on those holidays and Saturday ("6").

(d) [A response is forthcoming.]

1 CHAIRMAN GOLDWAY: And we're happy to
2 accommodate the wishes of the APWU in this regard. As
3 I had said earlier, everyone is trying to make the
4 best efforts to get a clear record in a very
5 complicated case and in a short period of time.

6 MR. ANDERSON: Madame Chairman, also I think
7 for the record I should remind the Postal Service
8 counsel, now that he's been so kind to me, I'll be
9 mean to him, that the APWU is still awaiting
10 interrogatory responses from several Postal Service
11 witnesses and I think institutional responses as well.
12 And I have a list I think I can get you, counsel, if
13 you need it.

14 CHAIRMAN GOLDWAY: And I'd appreciate you
15 giving that list to me as well and we'll review what
16 is outstanding.

17 MR. ANDERSON: Okay.

18 MS. KELLER: Madame Chair, the Mail Handlers
19 Union also has a few outstanding requests, and I had
20 previously emailed back and forth with Mr. Tidwell
21 regarding those, and I understand that he is
22 attempting to chase them down.

23 CHAIRMAN GOLDWAY: Well, if you could copy
24 the Chairman as well so that we're aware of what the
25 status is of outstanding interrogatories, I would

1 appreciate it.

2 MS. KELLER: Certainly.

3 CHAIRMAN GOLDWAY: Thank you. This is the
4 start of our next and our last witness, Witness Neri.

5 COMMISSIONER TAUB: Madame Chair, sorry to
6 interrupt.

7 CHAIRMAN GOLDWAY: Oh, please.

8 COMMISSIONER TAUB: I just wanted to clarify
9 if Witness Martin now can be officially excused.

10 CHAIRMAN GOLDWAY: No. You don't need to
11 come up. Thank you, Commissioner Taub. You're now
12 officially excused based on the action we've just
13 taken with regard to the responses that you've
14 provided. Thank you, Commissioner Taub, for being so
15 careful of Witness Martin's concerns.

16 And now we have Witness Neri. Mr. Mecone,
17 do you want to begin?

18 MR. MECONE: James Mecone for the United
19 States Postal Service. The Postal Service calls Frank
20 Neri to the stand.

21 Whereupon,

22 FRANK NERI

23 having been duly sworn, was called as a
24 witness and was examined and testified as follows:

25 //

1 DIRECT EXAMINATION

2 BY MR. MECONE:

3 Q Witness Neri, please state your name and
4 position for the record.

5 A Frank Neri, manager of processing
6 operations.

7 (The document referred to was
8 marked for identification as
9 Exhibit No. USPS-ST-5.)

10 BY MR. MECONE:

11 Q Earlier I handed you two copies of a
12 document entitled, "Supplemental Testimony of Frank
13 Neri on Behalf of the United States Postal Service,"
14 marked as USPS-ST-5. Did you have a chance to examine
15 those two copies?

16 A Yes.

17 Q Was this testimony prepared by you or under
18 your direct supervision?

19 A Yes.

20 Q Do you have any corrections or changes to
21 make to that testimony?

22 A No.

23 MR. MECONE: Okay. The Postal Service
24 requests that the supplemental testimony of Frank Neri
25 on behalf of the United States Postal Service

1 designated as USPS-ST-5 be received as evidence at
2 this time.

3 CHAIRMAN GOLDWAY: Are there any objections?

4 (No response.)

5 CHAIRMAN GOLDWAY: Hearing none, I will
6 direct counsel to provide the reporter with two copies
7 of the corrected supplemental testimony of Frank Neri.
8 That testimony is received into evidence. However,
9 consistent with Commission practice, it will not be
10 transcribed.

11 (The document referred to,
12 previously identified as
13 Exhibit No. USPS-ST-5, was
14 received in evidence.)

15 CHAIRMAN GOLDWAY: Library references?

16 MR. MECONE: No.

17 CHAIRMAN GOLDWAY: If there are no library
18 references associated with this testimony, then we can
19 begin our oral cross-examination. One participant has
20 requested oral cross-examination, the American Postal
21 Workers Union, AFL/CIO, Mr. Anderson. Is there anyone
22 else who wishes to cross-examine Witness Neri? If
23 not, Mr. Anderson, will you please begin?

24 MR. ANDERSON: Thank you, Madame Chairman.
25 I'll be quite brief.

1 CROSS-EXAMINATION

2 BY MR. ANDERSON:

3 Q Good morning, Mr. Neri.

4 A Good morning.

5 Q I just wanted to just reconfirm for the
6 record that in your productivity estimates you did not
7 make any adjustment for the fact that under the 2010
8 national agreement between the Postal Service and the
9 APWU in mail processing operations there will be
10 additional flexibility in the workforce. You did not
11 take account of that additional flexibility, isn't
12 that correct?

13 A I did not make any adjustments to my
14 productivity calculations as presented in the
15 supplemental testimony.

16 Q I understand that. But you're aware that
17 there will be substantial additional flexibility in
18 the workforce under the 2010 national agreement, isn't
19 that correct?

20 A There is additional flexibility today under
21 the 2010 agreement.

22 Q All right. And so, in measuring how the
23 productivity might improve after consolidation, it
24 would have been possible to go back and adjust your
25 baseline productivity with those flexibilities

1 applied, wouldn't it?

2 A The methodology that I used to calculate the
3 productivity, as I testified to in the earlier
4 hearing, the methodology was not based on the use of
5 that flexibility, and I went into extensive discussion
6 as to the methodology that I utilized.

7 Q Right. And I'm asking you to look at the
8 other side of that coin. You could have applied the
9 flexibility to determine the baseline productivity,
10 isn't that correct?

11 A If a different methodology was used, perhaps
12 there would have been an opportunity to include
13 flexibility, the flexibility in an alternate
14 methodology. It didn't relate to the methodology that
15 I used.

16 Q I take that to be a yes, is that correct?

17 A I stand by my answer.

18 Q You could have used that flexibility.

19 A If I used a different methodology, I could
20 have used flexibility, the flexibility opportunity.
21 And I'll go on to state that we are today increasing
22 the use of the flexibility from when we reached an
23 agreement and the new contract went into effect. We
24 have incrementally, as we've experienced attrition in
25 today's environment, seized the opportunity and we

1 have increased the use of the flexibility today,
2 through today from when the contract was ratified.

3 MR. ANDERSON: That's all I have. Thank
4 you, Mr. Neri.

5 CHAIRMAN GOLDWAY: Any other questions?

6 (No response.)

7 CHAIRMAN GOLDWAY: Questions from the bench?
8 Mr. Acton, Commissioner Acton.

9 COMMISSIONER ACTON: Thank you, Madame
10 Goldway, Madame Chairman. Welcome back, Witness Neri.

11 THE WITNESS: Thank you.

12 COMMISSIONER ACTON: I have a question for
13 you from our expert staff. In page 2 of your
14 supplemental testimony, you discussed the change in
15 in-plant support resulting from the revised network
16 concept. Do you have any workpapers or analysis that
17 supports that work that you can share with us?

18 THE WITNESS: I utilized the same data
19 spreadsheet that was provided in Library Reference 45,
20 identifying the facilities that were not approved
21 under the February 22 or February 23 list release that
22 identified those facilities that were not approved.
23 Utilizing that same spreadsheet is how I derived the
24 adjustment down to a 21.5 percent reduction. So it
25 was Library Reference 45 that was used for those

1 calculations.

2 COMMISSIONER ACTON: Okay. Thank you for
3 that referral. That's my only question, Madame
4 Chairman.

5 THE WITNESS: Thank you.

6 CHAIRMAN GOLDWAY: And then I volunteered to
7 take on the second somewhat more complicated staff
8 question. On page 2 of your supplementary testimony,
9 you discuss how the change in the number of facilities
10 does not impact the ability of the Postal Service to
11 eliminate the outgoing secondary sorting for the DCBS.
12 You state that, "The February 23 network still has
13 less than 150 letter incoming primary sites. The less
14 than 150 incoming primary sites allows for the
15 opportunity to eliminate outgoing secondary sortation
16 of letters."

17 The questions are, does the Postal Service
18 currently use any DBCS machines that have fewer than
19 150 bins?

20 THE WITNESS: I do not think so. I would
21 have to validate that. But part of the redesign of
22 the network, our intent is to maximize the
23 sorting/separation capacity of that equipment by
24 utilizing modules of the equipment that would be
25 decommissioned. So everywhere possible we would

1 extend the size of the machines to the 220.

2 CHAIRMAN GOLDWAY: Do you know if the number
3 of bins for each generation of the DBCS machine is a
4 piece of information that is currently in the record?

5 THE WITNESS: The number of bins is not
6 dependent on the phase of the DBCS machine. The
7 number of bins was driven by any layout constraints
8 within a facility where they were being located or any
9 capacity requirements for the separations that would
10 be needed at those facilities. So it's not DBCS
11 phase-dependent. And they could be adjusted
12 regardless of the phase.

13 CHAIRMAN GOLDWAY: And is there anywhere in
14 the record where we could know how many bins there are
15 at each facility? Could you point us to where that
16 might be in the record?

17 THE WITNESS: I do not believe that that's
18 part of the record.

19 CHAIRMAN GOLDWAY: Okay. I think that
20 answers the questions that I had. And Commissioner
21 Langley has a question.

22 VICE CHAIRMAN LANGLEY: Thank you very much,
23 Mr. Neri, for being with us again today. Could you
24 clarify your discussion just now with Mr. Anderson?
25 When you were talking about the workforce

1 flexibilities in the APWU new contract, would that
2 influence productivity gain?

3 THE WITNESS: Overall, there is the
4 opportunity to maximize the use of flexibility.
5 Currently, as we try to right-size our complement in
6 facilities and capture the attrition, we are
7 increasing the use of the flexible work employee type,
8 which is known as the PSE employees under the new
9 contract. And currently, you know, we've increased
10 the percentage of utilization of PSEs and mail
11 processing operations. We're averaging about 13.5
12 percent of that contractual within mail processing
13 operations. We have an opportunity to go up to 20
14 percent. We are now up to 13.5 percent in recent
15 weeks. And again, our intent is to continue to
16 utilize that flexibility and increase the utilization
17 of that flexibility as we continue to right-size the
18 organization.

19 VICE CHAIRMAN LANGLEY: So utilizing these
20 opportunities could change the very conservative
21 approach that you took in your initial testimony and
22 then in your supplemental testimony as well. There
23 are opportunities to have greater productivity
24 utilizing the again opportunities, workforce
25 flexibilities, within the APWU contract.

1 THE WITNESS: There are opportunities to
2 capture savings by continuing to increase flexibility
3 and the use of flexibility. But the basis for my
4 calculations was based on the needs within the
5 processing window, primarily the needs within the
6 processing window of our DPS processing and the
7 concept of by eliminating the overnight service stand,
8 the overnight service commitment and waiting for mail
9 to come to an operation and having employees idle is
10 the limitation that drives my analysis, and that
11 flexibility provides us for utilizing employees for
12 fewer than the traditional full-time hours within a
13 day. But the waiting for the mail is a situation
14 where operations start and stop.

15 I can't send an employee home and then ask
16 him to come back again in a half hour or come back
17 again in an hour. That's the type of environment
18 where we're losing productivity opportunities today.
19 So, yes, there are opportunities to capture savings by
20 continuing to utilize the flexibility that the
21 contracts allow us, but the methodology that I use was
22 driven by the inefficiencies of waiting for mail, and
23 even that flexibility doesn't lend itself to having
24 employees come and go for small segments of time.

25 CHAIRMAN GOLDWAY: Okay. But the base

1 salary that you used for saving those, for saving that
2 employee time was based on 2010 costs?

3 THE WITNESS: The best witness to answer the
4 cost analysis portion of it would probably be either
5 Bradley or Smith, that they would have applied my
6 productivity assessments to the cost savings.

7 CHAIRMAN GOLDWAY: So the point being
8 because they're PSEs, lower paid employees who had to
9 wait, the potential cost savings could be less than
10 what's on the record. You know, I understand your
11 methodology, figuring out what the costs are, and I
12 think the issue for the public debate we're having is
13 to what extent the real cost savings balance the real
14 service standard changes, so what you seem to be
15 saying is there are other efficiencies to be gained
16 through the new APWU contract.

17 THE WITNESS: Yes.

18 CHAIRMAN GOLDWAY: And so I guess what would
19 be those efficiencies that you could gain even if you
20 didn't eliminate overnight service?

21 THE WITNESS: And that would be a difficult
22 question to answer because of the vast dynamics of,
23 you know, all the variables that affect operations.
24 Even, you know, with the opportunity of the PSEs, even
25 in the environment, the new environment, there, yes,

1 would be opportunities to apply those PSE employees
2 within those processing windows. There's no question
3 that PSEs could be leveraged in either environment to
4 maximize reducing costs.

5 CHAIRMAN GOLDWAY: Good answer. Okay.
6 Thank you. I'm sorry. I interrupted you,
7 Commissioner Langley.

8 VICE CHAIRMAN LANGLEY: That's all right.

9 CHAIRMAN GOLDWAY: Did you have another
10 question?

11 VICE CHAIRMAN LANGLEY: No, I don't. Thank
12 you.

13 CHAIRMAN GOLDWAY: Anyone else have a
14 question for Witness Neri? Any follow-up?

15 MR. ANDERSON: Madame Chairman, yes.

16 CHAIRMAN GOLDWAY: Mr. Anderson.

17 MR. ANDERSON: Thank you very much. I'd
18 like to follow up. This is Darryl Anderson for the
19 APWU. I'd like to follow up Commissioner Langley's
20 question, and I've got a cross-examination exhibit to
21 offer. May I approach?

22 CHAIRMAN GOLDWAY: Sure. Mr. Anderson,
23 remember to have enough copies for all five
24 Commissioners now.

25 (Pause.)

1 (The document referred to was
2 marked for identification as
3 Exhibit No. USPS-ORN-2012-
4 1\50.)

5 BY MR. ANDERSON:

6 Q Mr. Neri, I've handed you a copy of a
7 library reference, USPS-LRN-2012-1/50. I believe this
8 is a document you made reference to in your testimony?

9 A Correct.

10 Q Okay. And I think this illustrates the
11 answer to Commissioner Langley's question. It's my
12 understanding that these bars represent the
13 accumulated peaks and valleys of the various
14 vicissitudes of mail processing workloads, is that
15 correct?

16 A Correct.

17 Q Okay. And you have taken the uppermost of
18 these and drawn a horizontal line indicating where
19 with completely inflexible staffing it, you're
20 requiring eight-hour shifts for each employee you
21 would have to staff, is that correct?

22 A Correct.

23 Q Okay. So that the triangular white spaces
24 that are in the upper left-hand portion of each of
25 these rectangles that you've inscribed in what I call

1 orange here, those white spaces basically indicate
2 hours that would be unproductive hours, is that
3 correct?

4 A That's correct.

5 Q And you're assuming that all employees are
6 working eight-hour shifts in this exhibit, isn't that
7 correct?

8 A In this analysis that I utilized, my savings
9 and productivity applications were based on the need
10 for that maximum number of employees within that tour
11 of operation.

12 Q Right. So this became your baseline, and
13 then you made an assumption that with the change in
14 service standards and the consolidation that you would
15 be much better able to match the scheduled hours with
16 the peaks and valleys, isn't that correct?

17 A Yes. So there would be a much smoother
18 demonstration of volume availability to the
19 operations, which would smooth out over the proposed
20 processing windows, which I believe was also included
21 as an example in my testimony.

22 Q Okay. And now you've testified about PSEs
23 and how they can be used or not used. It's true,
24 isn't it, that if a PSE were called in and the mail
25 was all processed, the PSE could be sent home without

1 any obligation or penalty on the part of the Postal
2 Service, isn't that correct?

3 A It's true that they could be sent home, yes.

4 Q And they would be paid for the hours they
5 worked, isn't that correct?

6 A Correct.

7 Q Okay. They'd also be paid, as Chairman
8 Goldway pointed out, they'd also be paid at a lower
9 rate of pay than career employees, isn't that correct?

10 A Correct.

11 Q And they would have no retirement benefits,
12 isn't that correct?

13 A I'm not familiar with the benefits.

14 Q Well, it's in the record. All right. And
15 in addition, are you aware of the term NTFI employee?
16 Do you know what that means?

17 A Yes, I do.

18 Q And so isn't it correct that NTFI employees
19 can be -- a full-time regular employee can bid for a
20 position that is a regular 30-hour work week and that
21 will be deemed to be full-time, isn't that correct?

22 A A NTFI employee, a non-traditional full-time
23 employee, could be assigned schedules or can bid on
24 schedules from anywhere from 30 hours per week to 48
25 hours per week, yes.

1 Q And so that's another form of flexibility
2 under the 2010 national agreement, isn't that correct?

3 A Yes.

4 Q All right. And it's also another form of
5 cost savings, isn't that correct, because of course
6 you're not paying them for the 40 hours. You're
7 paying them for 30 hours. Isn't that correct?

8 A Correct.

9 Q And in another form of cost savings, they
10 could work 48 hours a week, but they would receive no
11 daily overtime, only FLSA overtime after 40 hours,
12 isn't that correct?

13 A Yes.

14 Q Okay. So that hypothetically -- and this is
15 an exaggeration, but I want to make the point in
16 response to Commissioner Langley's question.
17 Hypothetically, if using all of those various forms of
18 flexibilities under the 2010 national agreement the
19 Postal Service were able to match the peaks and
20 valleys, these vicissitudes shown by the peaks and
21 valleys on your chart, if they were able to precisely
22 match their employee work hours with these bars on
23 this exhibit, then all of those excess costs shown by
24 this exhibit as the precondition before the
25 consolidation, all those excess costs would be gone,

1 would they not?

2 A In a hypothetical situation, yes, along with
3 consideration of being able to retain employees with
4 such schedules to precisely match this profile.

5 Q And therefore, insofar as those costs are
6 measured by those white spaces, those white triangles
7 on this exhibit, those costs could not be captured by
8 network consolidation, isn't that correct, because
9 those costs wouldn't exist? Isn't that correct?

10 A I don't understand your question.

11 MR. ANDERSON: That's all right. I have no
12 further questions.

13 THE WITNESS: Thank you.

14 CHAIRMAN GOLDWAY: I have one further
15 question. No, I guess I don't need to ask you that
16 question. According to staff, we think we've gotten
17 the answer. So, if there are no other questions from
18 the bench, counsel, would you like time with your
19 witness?

20 MR. MECONE: The Postal Service requests
21 five minutes.

22 CHAIRMAN GOLDWAY: Okay. We'll break for
23 five minutes then.

24 (Whereupon, a short recess was taken.)

25 CHAIRMAN GOLDWAY: Well, we're back after a

1 five-minute break. Is there anything you'd like to
2 ask your witness in redirect?

3 MR. MECONE: Yes. The Postal Service has at
4 least one redirect question.

5 CHAIRMAN GOLDWAY: Mr. Mecone, go ahead.

6 REDIRECT EXAMINATION

7 BY MR. MECONE:

8 Q Witness Neri, APWU counsel questioned you
9 about a hypothetical scheduling possibility related to
10 Library Reference 50. What, if any, constraints would
11 restrict your ability to schedule employees to match
12 the volume distribution reflected in Library Reference
13 50?

14 A Well, the first example which I provided
15 just moments ago was the opportunity to use PSE
16 employees in an environment today where in this
17 processing window we're waiting for mail and the needs
18 change from hour to hour, and utilizing that workforce
19 for incremental hours, releasing them and expecting
20 them to come back in subsequent hours or hiring them
21 just for limited hours has a significant impact on
22 employee retention.

23 The other, the use of NTFT positions, in
24 today's environment, in implementing that portion of
25 the contract with the current workforce, the full-time

1 workforce that we have today, we did in fact post
2 opportunities, bid jobs, for the current workforce of
3 less than 40-hour positions, positions with flexible
4 schedules, different start times or different number
5 of hours each day, which the NTFT position opportunity
6 affords us. And we had very limited interest in
7 current full-time employees in those opportunities.

8 So, in the environment that we're speaking
9 of today, we would need to significantly continue to
10 capture the attrition and reduce the workforce in
11 order to then seek to hire employees in these
12 nontraditional schedules as opposed to, you know,
13 counter the lack of interest of our current workforce
14 in the less than 40-hour opportunities.

15 MR. MECONE: The Postal Service has no
16 additional redirect questions.

17 CHAIRMAN GOLDWAY: Thank you. Is there
18 anyone who wishes to explore the issues raised in the
19 redirect?

20 MR. ANDERSON: One question, Madame
21 Chairman. Darryl Anderson for the APWU. May I,
22 Madame Chairman?

23 CHAIRMAN GOLDWAY: Yes. Go ahead.

24 //

25 //

1 RECROSS-EXAMINATION

2 BY MR. ANDERSON:

3 Q Mr. Neri, my understanding is that as to the
4 number of NTFTs, full-time employees who have been in
5 these NTFT jobs, my understanding, as of Pay Period 9
6 of 2012, there were 3,202. Is that consistent with
7 your knowledge?

8 A I would have to verify that number.

9 Q Does that sound about right to you?

10 A It does not sound unreasonable.

11 MR. ANDERSON: That's all I have.

12 CHAIRMAN GOLDWAY: Okay. Well, Mr. Neri,
13 that completes your testimony here today, and I want
14 to thank you for your contribution to the record and
15 for the clarity of your answers and for your patience
16 to be the last witness in all of these cases. We
17 appreciate your efforts. I'm just trying to find my
18 notes here because I can excuse you now and wish you
19 the best. I wanted to make an announcement about the
20 next hearing and I've lost my note that gave me the
21 date on which it is. Here it is. Okay.

22 So you're excused. Thank you again for your
23 service to the Postal Service and to the country.

24 (Witness excused.)

25 CHAIRMAN GOLDWAY: We've completed all the

Heritage Reporting Corporation
(202) 628-4888

1 business that was scheduled for both today and
2 tomorrow, making excellent time. Thank you all for
3 doing that. And tomorrow's hearing is therefore
4 canceled. The next hearing is scheduled for rebuttal
5 testimony that will be entered into the record, and it
6 is set for June 12, 2012. There being nothing further
7 here today, this hearing is hereby adjourned.

8 (Whereupon, at 12:25 p.m., the hearing in
9 the above-entitled matter was concluded.)

10 //

11 //

12 //

13 //

14 //

15 //

16 //

17 //

18 //

19 //

20 //

21 //

22 //

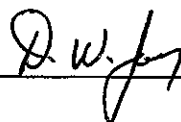
23 //

24 //

25 //

REPORTER'S CERTIFICATEDOCKET NO.: *N 2012-1*CASE TITLE: *Mail Processing Network...*HEARING DATE: *5-9-12*LOCATION: *901 New York Ave. NW, WDC*

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before *U.S. Postal Service (PRC)*

Date: *5-9-12*

Official Reporter
Heritage Reporting Corporation
Suite 600
1220 L Street, N.W.
Washington, D.C. 20005-4018